



Daily Report

East Asia

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Japan

DSP 'Ready To Accept' Partial Rice Opening

OW0612064193 Tokyo KYODO in English 0622 GMT
6 Dec 93

[Text] Tokyo, Dec. 6 KYODO—A top official of the Democratic Socialist Party (DSP), part of the ruling coalition, suggested Monday [6 December] that his party is ready to accept the partial opening of Japan's rice market.

DSP Secretary General Takashi Yonezawa told reporters that if Japan stuck to its opposition to a comprehensive tariffication formula or refused to allow "minimum access" to the rice market, it would be accused of wrecking the Uruguay round of multilateral talks for liberalizing global trade.

Yonezawa made the remark while commenting on the talks being held under the auspices of the General Agreement on Tariffs and Trade (GATT).

He also said a recent accord of the seven-party coalition expressing opposition to the comprehensive tariffication formula does not mention the issue of minimum access to the rice market.

The proposed minimum access formula calls for Japan to import rice at a minimum rate of 4 to 8 percent of the nearly 10 million ton annual domestic rice consumption.

Other DSP officials said earlier that the minimum access formula contradicts the coalition accord.

Imported Rice Causes Concern to Food Industry

OW0712092893 Tokyo KYODO in English 0826 GMT
7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—Over 60 percent of Japanese food service operators are concerned about the safety of imported rice, with regard to agricultural chemicals, while only 6.7 percent said they have no worries, according to an industry survey. It also showed that 55 percent are not sure about taste, exceeding the 15.3 percent that said they were not concerned.

The survey was released by the Japan Food Service Association, which polled 150 member companies in late October. Its members, restaurant operators and fast-food service companies, would be the large consumers of imported rice when Japan opens its market.

The survey said that 31.3 percent of those companies have already tasted samples of rice sent by foreign suppliers. About 47 percent said they are worried about the stability of the foreign rice supply, while 31.3 percent are worried about cooking methods.

Although 31.3 percent find imported rice cheaper than domestic rice, 66.7 percent said they cannot consider it a benefit if the taste is poor.

Almost 99 percent of those polled have been sounded out by domestic rice suppliers on a possible price hike, mostly of 5 to 10 percent. About 7 percent said they have been notified a price rise of 31 percent or more, the survey added.

It also showed that 24 percent of those polled had been asked by rice suppliers to reduce their purchases, due to the shortage in supplies.

Prefectural Governors on Rice Market Opening

OW0712105693 Tokyo KYODO in English 1006 GMT
7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—The governors of two major rice producing prefectures in northern Japan declared their opposition Tuesday [7 December] to the opening of Japan's rice market under the Uruguay Round of world trade talks. They said the imports of foreign rice would deal a heavy blow to local economies.

Prime Minister Morihiro Hosokawa said Tuesday Japan will make a formal announcement Friday on whether to accept a compromise plan on farm trade as prepared by a key negotiator of the General Agreement on Tariffs and Trade (GATT), which sponsors the trade negotiations. Japan will have to lift its long-standing ban on rice imports if it accepts the proposal.

Iwao Kudo, governor of Iwate Prefecture, said at a news conference that the government should continue its efforts to seek the understanding of foreign countries over Japan's long-standing policy of self-sufficiency in rice supplies. Kudo said he will visit Tokyo on Wednesday to make a direct appeal to the government.

Kikuji Sasaki, governor of Akita Prefecture, issued a statement expressing "concern" over a possible serious effect of rice imports on the local economy, which depends heavily on rice production.

Hosokawa Government Leaders Start Rice Talks

OW0612234593 Tokyo KYODO in English 2329 GMT
6 Dec 93

[Text] Tokyo, Dec. 7 KYODO—Leaders of the government and the seven ruling coalition parties began discussions on the issue of the partial opening of the rice market, at Prime Minister Morihiro Hosokawa's official residence Tuesday [7 December] morning, government officials said.

The premier is expected to outline a compromise plan for the partial lifting of a ban on rice imports, the officials said.

Japan and the United States agreed that Japan would offer minimum access of from 4 percent to 8 percent of its total domestic rice demand of about 10 million tons a year, during a six-year moratorium, according to sources close to the premier.

Germain A. Denis, chairman of the GATT market-access negotiating group, formally handed over a final revised draft, which will facilitate the salvaging of the seven-year-old free trade negotiations under the General Agreement on Tariffs and Trade (GATT), to Japanese representatives in Geneva, government sources said.

The socialists, the largest party in Japan's coalition government, are threatening to break up the alliance over the proposed plan, saying any concessions on the rice issue run counter to a seven-party agreement which calls for the securing of self-sufficiency in staple foods such as rice.

Coalition Still Undecided on Lifting Rice Ban

OW0712010493 Tokyo KYODO in English 0100 GMT 7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—The seven ruling parties within Japan's coalition government have not yet agreed on whether to lift the ban on rice imports, and a decision is unlikely to be reached on Tuesday [7 December], a government source said Tuesday morning.

The source was speaking to reporters after leaders of the coalition government met to discuss a compromise proposal on the issue emerging in the Uruguay Round of global trade talks.

Copies of the proposal were distributed to the coalition government leaders to facilitate open debate by the parties, with the aim of reaching a consensus on the rice issue, the source said.

The compromise proposal allows Japan to delay accepting the so-called tariffication scheme for six years, the source said. Japan so far has opposed the scheme, which calls for converting all nontariff barriers into tariffs, meaning Japan would have to lift its ban on rice imports.

The compromise proposal stipulates that such exceptional treatment should be given to agricultural products whose imports comprise less than 3 percent of domestic consumption, whose production is regulated domestically, and whose exports are not subsidized, the source said.

Concerning rice, however, the proposal calls on Japan to open 4 to 6 percent of the domestic market to imports during the six-year moratorium period, the source said.

Japan's refusal to end its rice import ban has been one of the most stubborn obstacles preventing conclusion of the Round, which has been stalled for some time, mainly by a dispute over new rules on farm trade. But Prime Minister Morihiro Hosokawa later said that he told the morning cabinet meeting there is "no room to modify" the draft proposal by Germain A. Denis, head of the GATT market-access negotiating group, apparently indicating that he is planning to accept the partial opening of Japan's rice market.

SDPJ Reiterates Opposition to Rice Proposal

OW0712072493 Tokyo KYODO in English 0648 GMT 7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—The Social Democratic Party (SDP), the largest force in the seven-party ruling coalition, reaffirmed Tuesday [7 December] its opposition to a proposal for partially opening Japan's rice markets.

The SDP in an executive meeting confirmed its opposition to the proposal presented in the Uruguay Round of global talks under the General Agreement on Tariffs and Trade (GATT). It said the proposal goes against an earlier agreement among the seven coalition parties that they oppose tariffication of Japan's rice import ban.

SDP Chairman Tomiichi Murayama told a press conference that the party has not changed its stance of opposing imports of foreign rice. But Murayama suggested the party may change the decision after discussions among the coalition parties.

Prime Minister Morihiro Hosokawa said earlier in the day that Japan will make a formal announcement Friday on whether it accepts the proposal for partially opening the rice market.

The proposal allows Japan to delay for six years accepting the tariffication scheme put forward in the global trade talks. The exceptional treatment is given on condition that Japan will allow minimal access to rice imports of 4 to 8 percent of domestic rice consumption during the six-year grace period.

The Democratic Socialist Party (DSP), another coalition member, held a meeting of its Diet members but left the problem undecided for the moment.

The other five coalition parties, including the Japan New Party headed by Hosokawa, Shinseitō and Komeitō, are expected to accept the GATT plan, political sources said.

Meanwhile, opposition parties vowed to block the government's acceptance of the GATT proposal and accused Hosokawa of violating Diet resolutions against lifting the ban on rice imports.

The largest opposition Liberal Democratic Party (LDP) accused Hosokawa of being "double-tongued." LDP Secretary General Yoshiro Mori told reporters, "Prime Minister Hosokawa cannot escape responsibility for being double-tongued."

The Japanese Communist Party (JCP) also criticized Hosokawa's moves on the rice issue and said it will demand intensive deliberations on the problems in the Diet. Iwao Teramae, the JCP's Diet Administration Committee chairman, said Hosokawa "should reject the proposal flatly."

Takemura Holds News Conference on Rice Issue

*OW0712052693 Tokyo NHK General Television
Network in Japanese 0300 GMT 7 Dec 93*

[Announcer-read news over video; from the "NHK News" program]

[Text] Regarding liberalizing the Japanese rice market, GATT's executive office announced a proposal which calls for resuming discussions on rice tariffication after six years, but urged Japan to import a certain amount of rice during this period. The Japanese Government has firmed its decision to fundamentally accept the proposal. It seems Prime Minister Horihiro Hosokawa will announce Japan's stance before the end of this week.

At a news conference, Chief Cabinet Secretary Masayoshi Takemura explained the contents of this proposal: [Begin Takemura recording] Following are the main points of the proposal. 1) In view of the importance of nontrade items, minimum access should be increased by a certain percent on agricultural products which satisfy the following standards (originally, the minimum access was scheduled to be set between 3 and 5 percent of domestic rice consumption, but will be increased to 4 to 8 percent). Regarding increasing the minimum access by a certain percent, a special measure will be introduced before tariffication (a six-year moratorium on conversion of nontariff trade barriers into tariffs will be applied). 2) Negotiations will be made at review board meetings, which will be held one year before the six-year grace period expires, on whether or not the aforementioned special measure will be maintained after the seventh year. 3) Countries which try to impose export restrictions during domestic food shortages will carefully consider the effects of such measures on the importing countries' food situation and hold consultations with them as required. [end recording]

Chief Cabinet Secretary Takemura continued to explain the governments' views of this proposal and future measures as follows.

[Begin Takemura recording] I understand this proposal was prepared as the very limit of what could be negotiated in order to lead the Uruguay Round to a successful conclusion and thereby solve difficult issues which each country faces. This proposal contains severe demands to Japan's agriculture, but the general world trend is moving toward acceptance of comprehensive tariffication, viewing it as an important agricultural principle at the Uruguay Round. It is also true that under such circumstances, a considerable number of our demands are reflected in this proposal. We can start negotiations afresh on introducing tariffication after the six-year grace period. It allows us to avoid rice tariffication for at least six years. I think we can say we managed to maintain the fundamental principle of the eight-party agreement and the Diet resolution that we will not introduce rice tariffication. [end recording]

Chief Cabinet Secretary Takemura continued to say he had no choice but to think this was closest to the final proposal. He said it will be difficult to revise the proposal, and Japan will announce its stance before the end of this week.

Regarding the coordination proposal, Prime Minister Morihiro Hosokawa, at a meeting of leaders of the government and the ruling coalition parties, said the following: Japan needs to make due contributions for a successful conclusion of the Uruguay Round. We need to secure an environment in which farmers can feel at rest and continue to produce rice. At the same time, we need to study domestic measures by securing advantageous conditions as much as possible for other agricultural products, since exceptional treatment is limited to rice.

He then said that the government needs to make an urgent and comprehensive decision. In this way, he explained his intention to accept the proposal.

Moreover, Foreign Minister Tsutomu Hata and Farm Minister Eijiro Hata, after the top executive meeting, said the following.

[Begin Tsutomu Hata recording] The contents of the proposal are very severe, but the spirit of the Diet resolution and the eight-party agreement was maintained. The outcome of our negotiations is difficult for Japanese farmers. Despite the outcome, we have to secure a system in which we can have a stable supply of rice. [end recording]

[Begin Eijiro Hata recording] The proposal treats rice as an exceptional case. I think that an exception was accepted for so-called tariffication without exception. However, we did not completely realize our objectives. We think it would be difficult to change the main points of the proposal. [end recording]

After the announcement of the proposal, the coalition parties started to coordinate opinions within themselves. The Social Democratic Party of Japan [SDPJ] held a three-executive meeting and confirmed its plan to oppose the proposal, saying that it is against the agreement of the coalition parties and the Diet resolution because acceptance of minimum access will lead to the liberalization of rice imports. The SDPJ will hold a ministerial meeting or a general meeting of both houses tomorrow [8 December] to hear the opinions of party members. The party will make its final decision at a central executive meeting scheduled to be held on 9 December.

[Begin SDPJ Chairman Tomiichi Murayama recording] We will be importing rice if the minimum access is set at four to eight percent, for example. It will lead us to liberalization of rice imports. Our stance of supporting the coalition government has not changed. However, we must make a final decision following careful deliberation. [end recording]

At a plenary session of Komeito, Secretary General Yuichi Ichikawa expressed the view that the coordination proposal does not violate the coalition agreement or the Diet resolution. At the same time, he said that he would entrust the party's executive council with the task of making a final decision.

Moreover, Kozo Watanabe, representative secretary of Japan Renewal Party [Shinseitō], said in a news conference after the party's executive meeting that the stance of not accepting tariffication without exception was firmly being maintained for the time being. In this way, he positively assessed the contents of the coordination proposal.

Harbinger Party [Sakigake], in a general meeting of its Diet members, confirmed its stance of making all-out efforts for working out domestic measures on conditions for accepting the proposal. The party entrusted its permanent board members with the task of dealing with the issue.

At a news conference held this afternoon, Yoshiro Mori, director general of the Liberal Democratic Party, said that the announcement of the proposal proves the fact that the government held behind-the-scenes negotiations. He stressed his intention to demand that the government take responsibility for such actions.

[Begin Mori recording] We can say that an acceptance of the minimum access and approval of tariffication without exception are against the Diet resolution. Frankly speaking, the prime minister lied to us during the recent Diet session. In other words, the announcement of the proposal proves the fact that the government held behind-the-scenes negotiations. Because of this, I have no choice but to say that he was two-faced. [end recording]

Iwao Teramae, chairman of the Japan Communist Party's committee on Diet affairs, said the following.

[Begin Teramae recording] It is quite obvious that the proposal is linked to liberalization of rice imports. I have to say that the government has been telling lies to the Diet and the people. The Hosokawa administration is responsible for its actions. It should clearly refuse the proposal. [end recording]

Farmers' Union Quiet on Rice Market Opening

*OW0712055593 Tokyo KYODO in English 0543 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—The Central Union of Agricultural Cooperatives (Zenchu) remained quiet Tuesday [7 December] on Prime Minister Morihiro Hosokawa's comments on partial opening of the Japanese rice market.

Zenchu officials said the prime minister's comments are not a "formal announcement" and declined to make further remarks.

Hosokawa said earlier in the day that the government will announce Friday whether it accepts a compromise proposal in the Uruguay round of trade liberalization talks that would lead to partially opening the rice market.

The proposal requires Japan to import 4 to 8 percent of domestic consumption of rice every year but allows a delay of six years in implementing the tariffication of import barriers called for in the Uruguay round.

Zenchu has consistently opposed both partial opening of the rice market and accepting the tariffication scheme, which calls for replacing all nontariff import barriers with tariffs.

Meanwhile, Eijiro Hata, minister of agricultural, forestry and fisheries, said the compromise proposal means that Japan's rice is excluded from the tariffication and his ministry favors it. Hata said he has proposed a meeting with Zenchu president Yoshiharu Sato to discuss the rice issue.

Zenchu officials, however, said they had not heard about the planned meeting.

Domestically Produced Indica Rice Sales Gain

*OW0412063893 Tokyo KYODO in English 0622 GMT
4 Dec 93*

[Text] Tokyo, Dec. 4 KYODO—Sales of domestically produced indica rice are expected to grow steadily in the months ahead, despite an influx of the foreign-produced product, Kirin Brewery Co. officials said Saturday [4 December]. The major beer brewer first succeeded in growing indica rice in 1989 by using biotechnology it amassed through beer brewing.

This year's poor rice harvest, the worst crop in Japan's postwar period, has prompted Japan to import a large amount of rice from Thailand, the United States, Australia and other countries. A Kirin official was optimistic, however, about his firm's sales, saying rice imports will help expand the domestic indica rice market, thus boosting its own sales.

The officials said indica rice, used mostly at about 100 restaurants in the Tokyo metropolitan area, is becoming a strong draw among consumers. Total domestic sales of indica rice increased rapidly from three tons in 1990 to 220 tons in 1991 and to 330 tons this year.

The rice is also popular among Japanese rice growers because its crop reaches a maximum of 800 kilograms per 10 acres, compared with an average of 470 to 530 kilograms for ordinary japonica rice. In addition, indica rice for use in restaurants is sold at relatively high prices of 6,500 yen to 6,800 yen per 10 kilograms.

GATT Guarantees on Rice Said Not Received

*OW0612100593 Tokyo KYODO in English 0926 GMT
6 Dec 93*

[Text] Tokyo, Dec. 6 KYODO—Global trade talks have not yet produced an answer to a Japanese demand for increased obligations on exporters to ensure stable food supplies for importers, Japan's vice farm minister Akio Kyoya said Monday [6 December].

In exchange for opening its rice market, Japan reportedly has called on the Uruguay Round of multilateral trade talks for guarantees of steady supplies of its staple grain from prospective exporters.

Under current General Agreement on Tariffs and Trade (GATT) rules, exporters are allowed to restrain overseas sales when domestic supplies are scarce.

Kyoya also told a press conference that the GATT-sponsored Uruguay Round yet to start reviewing a draft final agreement on the seven-year-old negotiations. [sentence as received]

The draft pact, presented in December 1991 by then GATT chief Arthur Dunkel, is expected to be partly rewritten to reflect agreements reached since, including the Blair House deal on farm subsidies struck last year between the United States and the European Community (EC).

LDP Group Goes to Geneva GATT Headquarters

*OW0712042793 Tokyo KYODO in English 0416 GMT
7 Dec 93*

[Text] Narita, Chiba Prefecture, Dec. 7 KYODO—A group of six legislators from Japan's main opposition Liberal Democratic Party (LDP) left for Geneva on Tuesday [7 December] to seek understanding, by an international trade watchdog, of Japan's decades-old ban on foreign rice.

The LDP lawmakers' trip to the headquarters of the General Agreement on Tariffs and Trade (GATT) in Geneva came on the day the Japanese Government disclosed the contents of a GATT proposal that would clear the way for the partial opening of Japan's rice market.

The group, headed by House of Representatives member Toshikatsu Matsuoka, will urge GATT officials to approve Tokyo's ban on rice imports in the Uruguay Round of multilateral trade negotiations under the GATT sponsorship. Before their departure, the legislators also slammed the government of Prime Minister Morihiro Hosokawa for what they called a passive stance toward protecting Japan's rice market.

They also warned that their group will demand the resignation of the entire cabinet should the government accept the GATT proposal and partially open the nation's rice market.

The LDP group will return home Friday, when Hosokawa will make a formal announcement on whether he is to accept the proposal presented by Germain A. Denis, who chairs a group of market-access negotiators in the Uruguay round.

The proposal calls on Japan to allow imports a minimum access of 4 to 8 percent of domestic rice consumption, in exchange for a six-year grace period.

Japan's refusal to end its rice market ban has been one of the thorniest obstacles to the successful conclusion of the round, which was originally scheduled to end in 1990 with an agreement to liberalize global trade in 15 sectors ranging from agriculture to services.

GATT Market-Access Draft Highlighted

*OW0712033093 Tokyo KYODO in English 0325 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—The following are the highlights of a final draft made by Germain A. Denis, who chairs a group of market-access negotiators in the GATT-sponsored Uruguay Round of global trade talks, to have Japan partially open its rice market, Chief Cabinet Secretary Masayoshi Takemura said Tuesday [7 December].

- A six-year moratorium on the conversion of nontariff trade barriers into tariffs will be applied to agricultural products whose imports comprise less than 3 percent of domestic consumption, whose exports are not subsidized, and whose production is regulated domestically.
- The exceptional treatment will be given on condition that Japan allows minimum access of between 4 and 8 percent of domestic rice consumption to imports during the six-year grace period.
- Whether the special treatment will be continued after the grace period will be subject to negotiation one year before the period ends.
- Countries wishing to restrict food exports during domestic food shortages will carefully consider the effects of such measures on importing countries and hold consultations with them as required.

Ministry Announces UN Secretary General Visit

*OW0712110593 Tokyo KYODO in English 1049 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—United Nations Secretary General Butrus Butrus-Ghali will visit Japan from December 18 to 22 to hold talks with Prime Minister Morihiro Hosokawa, the Foreign Ministry said Tuesday [7 December].

Butrus-Ghali will also hold talks with Deputy Prime Minister and Foreign Minister Tsutomu Hata and meet Emperor Akihito and Empress Michiko, the ministry

said. The visit is the UN chief's second trip to Japan this year. He last visited in February.

Butrus-Ghali and Hosokawa are likely to discuss such topics as peace and security, arms control, disarmament, roles of the United Nations and ways to strengthen its function, the world body's financial crisis and UN peace-keeping operations, Foreign Ministry spokesman Terusuke Terada said.

The restructuring of the UN Security Council is not on the agenda since it is a matter to be discussed among UN member countries and not with the secretary general, Terada said.

North Korea's alleged development of nuclear weapons may be discussed by Butrus-Ghali and Hosokawa if it is raised in the context of the International Atomic Energy Agency (IAEA), he said.

The two may also discuss the situation in the former Yugoslavia.

During his February trip, Butrus-Ghali said he wants to visit Japan at least once a year to deepen dialogue between Japan and the world body.

Spokesman Announces Mideast Conference

OW0712075393 Tokyo KYODO in English 0726 GMT 7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—Japan will host a multilateral conference on the Middle East peace process in Tokyo on December 15 and 16, Foreign Ministry spokesman Terusuke Terada said Tuesday.

The fourth meeting of the international steering group will be held under the co-chairmanship of the United States and Russia, Terada said.

The meeting is to be attended by delegations from Japan, the U.S., Russia, the European Community, Canada, Israel, the Palestine Liberation Organization (PLO), Jordan, Egypt, Saudi Arabia and Tunisia, he said.

The steering committee group coordinates the activities of five working groups on economic development, arms control, water resources, the environment and refugees.

Japan chairs the environment group. The latest meeting of the working group was held in November in Cairo.

During the forthcoming meeting, Japan is likely to announce aid to the Middle East, Terada said. He did not, however, elaborate on the amount in question.

Following the historic accord between Israel and the PLO in mid-September, Prime Minister Morihiro Hosokawa said during his visit to New York later that month that Japan will provide 200 million dollars in financial aid over the next two years for Palestinian reconstruction.

Election Observers Leave for Moscow 7 Dec

OW0712045093 Tokyo KYODO in English 0445 GMT 7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—A second batch of Japanese election observers left for Moscow on Tuesday [7 December] to monitor parliamentary elections in Russia on Sunday, Foreign Ministry officials said.

The 10-member delegation, headed by Parliamentary Vice Foreign Minister Syozo Azuma, consists of officials from the Foreign Ministry, Home Affairs Ministry, local governments and members of private organizations.

The delegation will be joined by five Diet members in Moscow who are scheduled to leave Friday.

The monitors will observe election campaigns, voting at the polling stations and the counting of ballots.

They will also meet Russian Election Management Committee members, representatives of political parties and election monitors from other countries before returning to Japan late next week, the officials said.

The House of Representatives members are to return home on December 14.

Six Japanese election observers to Khabarovsk in the Russian Far East left Monday and will return on December 17.

Japan and Russia agreed on the dispatch of election observers when Russian President Boris Yeltsin visited Japan in October.

Ministry Announces Additional Aid Grant to Laos

OW0612081993 Tokyo KYODO in English 0804 GMT 6 Dec 93

[Text] Tokyo, Dec. 6 KYODO—Japan will extend some 1.24 billion yen in grant-in-aid to Laos as a debt-relief measure and to support its programs on agriculture and underground water development, the Foreign Ministry said Monday [6 December]. Japanese Ambassador to Laos Masao Wada and Laotian Deputy Foreign Minister Phongsavath Boupha exchanged documents on the grants in Vientiane, the ministry said.

The latest assistance brings the total amount of Japanese aid to Laos this year to 4.1 billion yen, it said.

Of the total, 157 million yen represents the capital and interest on Japan's Official Development Assistance (ODA) loans to Laos whose repayment fell due in the first half of fiscal 1993, the ministry said. Laos will use the funds to purchase goods necessary for developing its economy and improving public welfare, it said.

Some 592 million yen will be awarded to assist a project to develop underground water facilities in Vientiane Province, and 498 million yen will go toward an agricultural development program in southern Savannakhet.

The lack of safe drinking water has resulted in serious epidemics in the country, while food conditions are deteriorating due to outmoded agricultural methods, the ministry said.

Ozawa: Reform Bills Should Be Passed This Year

*OW0512044793 Tokyo NHK General Television
Network in Japanese 1000 GMT 4 Dec 93*

[Announcer-read report over video; from "NHK News" Program]

[Text] In a speech given at Kashihara in Nara Prefecture today, Ichiro Ozawa, general secretary of Shinseito [Japan Renewal Party], said the political reform bills need to be passed by the Diet during its current session.

In the speech Ozawa said the existing economic recession is structural, and therefore the government must decide to do something more drastic than what it has done so far. To do that, the government must have a good political outlook, fair judgment, and able leadership; therein lies the reason why the country needs to conduct political reform soon.

Ozawa thus stated emphatically that early political reform is also necessary for the country to be able to put daring economic policies into practice.

Regarding election reform, Ozawa said reforming the election system is an effective means of starting a new political system, adding it must be put into force during the current Diet session.

Hosokawa Memo Explains Acceptance of 'Loan'

*OW0712030293 Tokyo KYODO in English 0248 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—Prime Minister Morihiro Hosokawa Tuesday [7 December] submitted to the opposition a memo intended to substantiate his assertion that he repaid a 1982 'loan' of 100 million yen which he had received from a firm at the center of the Tokyo Sagawa Kyubin scandal. The memorandum was submitted to a parliamentary group of directors of the House of Representatives Budget Committee, in compliance with a demand from the opposition camp, Diet officials said.

The No. 1 opposition Liberal Democratic Party [LDP] and the Japanese Communist Party [JCP] have threatened to stage a walk out in the parliament chamber unless the premier clears up suspicions that he obtained, not a loan, but an illicit donation.

Following the submission, the LDP and JCP requested time to examine the contents of the memo before presenting any follow-up questions, the officials said.

Hosokawa has been under strong opposition pressure to account for his receipt of the money, which he describes

as a "loan," from Kiyoshi Sagawa, then chairman of the Sagawa Kyubin network of trucking and parcel-delivery firms.

Sagawa has been a central figure in the money-and-mob scandal. Until this spring, opposition parties—many of which are now in the ruling coalition—had insisted on his sworn parliamentary testimonies to explain the alleged huge illegal handouts to dozens of LDP and opposition politicians.

Hosokawa said Monday he repaid the loan "by January 31, 1991," using a part of his retirement allowances, after serving out the governorship of Kumamoto Prefecture, in addition to using proceeds from the sale of a land plot he owned in Tokyo.

Hosokawa served as Kumamoto governor for two consecutive terms and his retirement allowances totalled around 68 million yen.

However, LDP veteran legislator Hakuo Yanagisawa questioned the verity of the explanation, saying the premier had served as the governor "until February 1991," making it impossible for him to have repaid the loan using the retirement allowances.

Roundtable on State of Economy, Political Reform

*OW0612185593 Tokyo NHK General Television
Network in Japanese 0000 GMT 5 Dec 93*

[Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 5 December carries a live, 60-minute roundtable discussion, "The Heisei Recession—What Measures Should Be Taken?", on economic issues. The program is moderated by NHK commentators Takashi Yamamoto and Takanobu Fujita; its participants are Kozo Watanabe, acting secretary general of Shinseito (Japan Renewal Party); Ryutaro Hashimoto, chairman of the Liberal Democratic Party (LDP) Policy Research Council; Takuma Yamamoto, chairman of Fujitsu, Ltd.; and Teruhito Tokumoto, deputy chairman of the Japanese Trade Union Confederation (Rengo).

Prior to the discussion, the program carries a four-minute report on current economic conditions. At 0005 GMT, the discussion begins with Yamamoto asking the participants what measures should be taken to overcome the current recession. Watanabe gives his views on the current economic conditions and says: "What we have to do first is to have the supplementary budget bills which have been submitted to the Diet passed as soon as possible, and it is also necessary to pass political reform bills. Then the government should hammer out economic stimulus measures which encourage the people to believe that the economy will recover." Citing a recent press report on the government's possible announcement on economic stimulus measures some time this week, Hashimoto asks Watanabe whether the government would take stimulus measures as reported. In response, Watanabe denies the report and reemphasizes the need

to pass the supplementary budget bills before taking any economic stimulus measures. However, Hashimoto makes a counterargument by saying that the "supplementary budget is not adequate to boost the economy," and he asks the other participants whether they think that the supplementary budget will help revive the economy. Fujitsu Chairman Yamamoto and Tokumoto say that in addition to the supplementary budget, it is necessary to take economic measures, including an income tax cut.

At 0026 GMT, moderator Yamamoto changes the subject to a possible tax cut. In response to the calls of Fujitsu's Yamamoto and of Tokumoto to implement a tax cut in excess of 5 trillion yen, which would require an increase in the consumption tax as a source of revenue, Watanabe says, "I do want you to understand that it is physically impossible to carry out a tax cut this year." He adds, "I do not know whether a 5-trillion-yen income tax cut would have an immediate effect on the economy."

At 0032 GMT, Hashimoto emphasizes that Japan's foreign economic policy and the Japanese-U.S. economic framework talks will have some impact on the Japanese economy. In this context, Fujita notes that strengthening industries which are suffering from the stronger yen will contribute to boosting the economy. Watanabe answers: "Yes, you are right. Although there was hope this spring that the economy would improve, it has become much worse. This is because the yen's value has skyrocketed. Japan relies heavily on export industries such as the auto and electronics industries, and the people have enjoyed prosperity because of such industries. Such an appreciation of the yen has also caused a drop in stock prices and makes us worry about an increase in unemployment despite the fact that the implementation of public works projects for housing has been promoted. Japan's international relations, based on its ties with the United States, are important. In this sense, until last July, I had not considered Mr. Hosokawa's becoming prime minister. But now, I feel that our decision to elect the Hosokawa cabinet was right. This is because many U.S. leaders and other foreign leaders whom I have met speak highly of the Hosokawa cabinet. Although the Japanese-U.S. economic framework talks are under way, maintaining a good relationship with the United States and bringing the Uruguay Round of trade talks to a successful conclusion will lead to a stabilization of the yen." Watanabe then emphasizes, "The Hosokawa cabinet's position is that it is necessary to protect the free trade system and avoid a drift toward managed trade."

At 0050 GMT, after considering whether the draft budget for fiscal year 1994 can be compiled, Watanabe again emphasizes that the Diet's passing the political reform bills is indispensable for compiling the budget. He also proposes a top-leader meeting between Prime Minister Hosokawa and LDP President Yohei Kono.

The program ends at 0100 GMT.

Diet Panel Resumes Budget Debate 7 Dec

*OW0712074893 Tokyo KYODO in English 0733 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—A Diet panel resumed deliberations on a supplementary budget Tuesday [7 December] afternoon after a one-day interruption because of a dispute over Prime Minister Morihiro Hosokawa's loan from a scandal-tainted trucking firm. Senior members of the Budget Committee at the House of Representatives agreed to discuss the loan issue Wednesday morning, parliamentary sources said.

Debate in the committee came to a halt Monday in a dispute over a reply by Hosokawa on how he repaid a loan of 100 million yen advanced to him by Sagawa Kyubin Co.

The main opposition Liberal Democratic Party, dissatisfied with Hosokawa's reply, refused to continue debate at the committee, bringing proceedings to a halt.

Government, Opposition Agree to 15 Dec Budget

*OW0712151293 Tokyo KYODO in English 1451 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—Ruling and opposition parties Tuesday [7 December] agreed to pass a second supplementary budget for fiscal 1993 totaling 708.72 billion yen by December 15, the last day of the current 90-day Diet session, officials from both sides said. The agreement came in a meeting of directors of the House of Councillors Budget Committee.

Under the agreement, the extra budget, aimed at boosting the country's stagnant economy, is expected to pass the upper house by December 15 after it clears the plenary session of the House of Representatives as early as Wednesday, the officials said.

The committee will sit for five days to discuss the opening of Japan's closed rice market and a recent wave of bribery scandals involving major construction firms before voting on the supplementary budget, they said.

The lower house budget committee earlier in the day resumed deliberations on the supplementary budget, which had been stalled over questions surrounding Prime Minister Morihiro Hosokawa's repayment of a huge 1982 loan from the scandal-tainted trucking firm Sagawa Kyubin Co.

Banking Industry Leader on Loan 'Securitization'

*OW0712092693 Tokyo KYODO in English 0830 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—A banking industry leader called Tuesday [7 December] for the government to formulate a scheme to facilitate securitization of loans in order to help banks liquidate their bad loans.

The recent establishment of a joint study panel on the issue by the Finance Ministry and financial institutions is "timely" in view of the severity of the bad loan problem gripping banks, Tadashi Okuda, chairman of the Federation of Bankers Associations of Japan (Zenginkyo), told a press conference.

By studying actual cases of loan securitization in the United States and other industrialized countries, Japan should craft its own version of a system so that it could function "efficiently and effectively" in disposing of nonperforming loans, said Okuda, also president of Dai-ichi Kangyo Bank.

Okuda said the banking industry does not seek infusion of public funds in a joint entity set up among financial institutions to help dispose of property-backed nonperforming loans.

The banking industry will abide by its policy of disposing bad loans by itself, Okuda said.

The industry thus does not need either Bank of Japan (BOJ) lending or tax breaks when it operates cooperative credit purchasing company, he said.

Okuda said the banking industry will concentrate on writing off nonperforming loans.

Banks will write off such loans mainly by dipping into net business profits from their lending and other core banking operations but they may also use proceeds from the sale of stock holdings if necessary, he said.

Banks will, however, pay utmost attention to minimizing possible effects on the stock market when disposing of stock holdings, he added.

Okuda said he expects tax incentives for land deals now being considered by the government, such as a cut in the land transaction tax, to help promote liquidity of the property market which has remained stagnant in the aftermath of the burst of the "bubble economy."

Okuda indicated it is too early for corporations to resume new public share offerings at market prices. Such a move would affect the long-slumping stock market further, he said. New share offerings at market prices have been frozen since 1990.

Okuda said he has urged the government to lift various restrictions on firms' purchases of their own shares in the market.

On the Japanese economy's continued slowdown, Okuda said the government should show "a medium- and long-term economic vision."

The economy is crawling at the bottom and the trend will continue for some time longer, he said.

"A full-fledged vision" with an eye toward the next century is needed, in addition to short-term measures like income tax cuts and more budgetary appropriation of public works projects for fiscal 1994, he said.

A five-year government scheme envisioned under former Prime Minister Kiichi Miyazawa as a way to make Japan a "lifestyle superpower" is starting to "collapse," Okuda said.

Mieno: Slump Reflects Weak Corporate Sentiment

OW0712051893 Tokyo KYODO in English 0454 GMT
7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—Japan's relentless economic slowdown reflects "excessively" weak corporate sentiment, which is getting worse, bank of Japan Governor Yasushi Mieno said Tuesday [7 December].

The labor situation is gradually worsening from mild to severe and no hints have emerged to signal economic recovery, which will require more time, Mieno said in a Tokyo speech.

Saying that more writeoffs of the mass of nonperforming assets on financial institutions' balance sheets are necessary for an economic turnaround, he called for converting the bad loans into negotiable debt securities. The central bank is ready to encourage banks to lend, but tax reform is necessary to revitalize financial deals, Mieno said.

But interest rates are low enough, Mieno said. Speculation has been heating up that the central bank will soon cut its official discount rate from an already record low 1.75 percent.

Mieno called for more drastic deregulation of the economy and said he is waiting to see the expected effects of economic-stimulus steps taken so far. A vigorous private sector is needed for sustained economic growth, the central bank chief stressed.

Urges Nonperforming Loans Steps

OW0712062393 Tokyo KYODO in English 0617 GMT
7 Dec 93

[Text] Tokyo, Dec. 7 KYODO—Japan's interest rates are low enough to support corporate capital investment, but to prop up business activity measures are needed to help liquidate nonperforming loans, Bank of Japan Governor Yasushi Mieno said Tuesday [7 December].

Noting that the official discount is already at a record low of 1.75 percent a year, he said the current credit-easing phase will "show underpinning effects" to improve cash flow to support business activity, which he said is deteriorating "psychologically. If companies start stepping up capital investment, the current interest rates will sufficiently support it," Mieno said in a speech in Tokyo.

The central bank chief also stressed the important role of financial markets in improving the balance sheets of companies and financial institutions and called for measures to help liquidate nonperforming loans.

In particular, he called for a system like that existing in the United States for converting the problem loans into debt securities.

Mieno said that in the United States financial markets played a key role in helping companies and financial institutions recover capital losses and nonperforming loans and this led to the current moderate U.S. economic recovery.

"We should also use various functions of financial markets," he said, particularly referring to "securitization" of debts.

The Japanese banking industry is urging the government to consider a system to facilitate liquidation of nonperforming loans.

Noting the problem loans are making banks cautious about new lending, Mieno said, "financial institutions should decide on their best measures and policy authorities should remove all obstacles to create the environment for their efforts."

He stressed the need to "improve such infrastructure as laws and regulations, tax systems, accounting and settlement systems" to beef up financial markets.

On the state of the economy, Mieno reiterated that the economy remains stagnant and he still sees "no concrete factors suggesting a recovery."

"More time is necessary for the economy to recover," he said.

Attributing the prolonged slump to the depth of inventory adjustment after the collapse of the bubble economy in the late 1980s, Mieno said improvement of balance sheets at companies and financial institutions is now most important. Given the poor balance sheets and economic uncertainty ahead, "corporate sentiment has shrunk excessively" and "mild labor adjustments are moving in a more serious direction," he said.

As for the policy authorities, he said the central bank conducted seven rounds of official discount rate cuts to bring the key lending rate to a historic low and the government introduced some 30 trillion yen worth of stimulus packages.

But companies are now making efforts to restructure and adjust through "various innovations such as new products, production methods and sales systems," Mieno said. The government should back up these efforts by further easing regulations, he added.

Says No Room for Yen Upswing

*OW0712024193 Tokyo KYODO in English 0232 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—Japan-U.S. economic fundamentals provide "no room" for the yen to resume its upswing against the dollar, Japan's chief economic

planner quoted Bank of Japan Governor Yasushi Mieno as saying Tuesday [7 December].

Economic Planning Agency chief Manae Kubota quoted Mieno as saying at a morning meeting of economic ministers that the dollar remains flat at around 108.00 yen level after recovering from the 105-106 yen range on the economic difference between the United States and Japan.

"The U.S. economy is on a path of moderate recovery, while the Japanese economy remains stagnant," Mieno was quoted as saying by Kubota at a press conference after the meeting.

Kubota also said the central bank chief stressed that private banks are set to lower their short- and long-term prime lending rates.

On the recent plunge in stock prices, Mieno expressed concern, attributing the fall to prolonged economic slump and poor corporate earnings, Kubota said.

The EPA chief said the serious labor problem was included in her agency's monthly economic report.

Red Army Leader Sentenced to Life Imprisonment

*OW0712035293 Tokyo KYODO in English 0312 GMT
7 Dec 93*

[Text] Tokyo, Dec. 7 KYODO—Japanese Red Army leader Osamu Maruoka was jailed for life Tuesday [7 December] for hijacking two Japanese Airliners in the 1970s.

Handing down the ruling in the Tokyo District Court, presiding judge Ichitaro Ono said the hijackings were crimes committed by Maruoka in which he held many lives hostage to realize his own ends. The crimes were "inhuman, dangerous and extremely vicious," Ono said in meting out the sentence sought by prosecutors.

Maruoka was charged with taking part in the hijacking of a Japan Airlines (JAL) plane in Amsterdam in July 1973. The plane was forced to land in Dubai, the United Arab Emirates and was later flown to Libya and blown up there.

He was also charged with hijacking another JAL plane with four other men in September 1977, forcing it to land in Dhaka. At Dhaka airport, Maruoka successfully negotiated with Japanese authorities for a ransom of 6 million dollars and the release of six imprisoned Japanese extremists in exchange for freeing the hostages.

Maruoka was arrested in November 1987 on suspicion of returning home with a forged passport. During the trial, Maruoka denied being involved in the two cases and claimed that the Japanese judicial system had no right to judge him.

The court ruled that testimony from the airplane crews and passengers showed that Maruoka took part in both hijackings.

North Korea

Return of Remains of 31 U.S. Soldiers Reported

SK0712052493 Pyongyang KCNA in English 0513
GMT 7 Dec 93

[Text] Panmunjom, December 7 (KCNA)—Remains of 31 American soldiers unearthed by the DPRK side in the Northern half of Korea were transferred to the U.S. side at Panmunjom today under the "agreement on the issue of remains" adopted between the DPRK and U.S. military sides.

U.S. Army Colonel Forrest S. Chilton, head of the U.S. side to the working group for the remains issue, signed the document of the delivery of remains of 31 American soldiers.

With this the DPRK side has delivered remains of 127 American soldiers to the U.S. side in seven instalments since 1990.

South's Red Cross Urged To Transfer POW Items

SK0712124393 Pyongyang KCNA in English 1043
GMT 7 Dec 93

[Text] Pyongyang, December 7 (KCNA)—Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society, strongly urged the South side to unconditionally comply with the demand of the North side that the letter and relics of the People's Army POWs [prisoners of war] who had been held incommunicado on Koje Island during the Korean war be handed over to the North side and that Kim In-so and Ham Se-hwan, old POWs, be repatriated.

In a telephone message to Kang Yong-hun, president of the South Korean Red Cross, today he said if the South Korean Red Cross do not take a stand to involve itself in the question of delivery of the letter and relics of People's Army POWs to the North side, it will mean declaring of its own accord that it abandons the Red Cross idea and mission of humanitarianism.

In his telephone message dated December 3 Kang Yong-hun said the delivery of the letter and relics of People's Army POWs to the North is not a question to be dealt with by the Red Cross in view of its character, and totally refused to comply with the North side's demand for the repatriation of Kim In-so and Ham Se-hwan, non-converted long-term prisoners. This is an extremely unruly attempt to avoid your responsibility both from the Red Cross humanitarian point of view and from the compatriotic point of view, says Yi Song-ho.

The telephone message says:

Red Cross humanitarianism is not a narrow concept subject to any one country's "law". It is one going beyond it, encompassing the whole of mankind. It is an extremely unreasonable act to deny that they are prisoners of war on the basis of your side's "law". It goes

without saying that their repatriation, either, is not a matter to be determined by your side's "law".

Your Red Cross, which must have known this, has avoided handing over the letter and relics of People's Army POWs and totally refused to repatriate Kim In-so and Ham Se-hwan, prisoners of war. Witnessing such inhumane acts, we feel misgivings that your side is acting on orders from some dishonest group which does not want national reconciliation, unity and reunification.

The Central Committee of our Red Cross society strongly urges your Red Cross to return to the Red Cross stand of humanitarianism before it is too late, instead of meekly obeying directives from the anti-national, anti-reunification group, and thus unconditionally accede to our just demand: that the letter and relics of the People's Army POWs who had been detained on Koje Island be handed over to our side immediately and Kim In-so and Ham Se-hwan, prisoners of war, be repatriated.

Daily Urges End of 'Remnants' of Cold War

SK0712102693 Pyongyang KCNA in English 1009
GMT 7 Dec 93

["Liquidation of Cold War Remnants and Durable Peace of World"—KCNA headline]

[Text] Pyongyang, December 7 (KCNA)—Termination of the Cold War will lead to a durable peace only when the remnants of the Cold War era are removed and a new fair international order is established by the united efforts of the world's peaceloving people, says NODONG SINMUN in a by-lined article today.

The Cold War has come to an end, but there still remain the old forces of imperialism seeking to dominate the world with strength, going against the trend of independence, it notes, and goes on:

As long as they remain intact, the danger of war will not disappear, nor can there be any absolute guarantee for peace.

In actuality, the people's cause of peace still faces their challenges. Consequently, the termination of the Cold War is failing to lead to a durable peace, and the world is not yet totally free from an unstable state.

One of the important questions in preventing war and defending peace at present is to clear away the leftovers of the Cold War and establish a genuine order of world peace, a new equitable international order.

Now that the Cold War structure has collapsed there is no ground for its legacies to remain any longer.

Military blocs which had been knocked into shape under the pretext of "balance of power" in the Cold War period must be dissolved and all foreign military bases and aggression forces in different regions of the world be dismantled or withdrawn unconditionally.

In order to establish a new international order, it is necessary not to allow the old dominationist forces to establish relations of domination and subjugation and inequality, but to democratize the international community so that all countries and nations may equally exercise their independent rights in the international arena.

ROK 'Scheme' To Open Rice Market Condemned

*SK0712045993 Pyongyang KCNA in English 0445
GMT 7 Dec 93*

["Crimes Can Never Be Concealed"—KCNA headline]

[Text] Pyongyang, December 7 (KCNA)—NODONG SINMUN today condemns the South Korean ruling quarters' scheme to open the rice market.

The "minister of agriculture, forestry and fisheries" of South Korea attending the Uruguay Round negotiation sent home a notice that the opening of rice market was inevitable. The "minister of the Economic Planning Board" stated that the opening of rice market was imminent. It is said that Kim Yong-sam who, during his U.S. trip, danced in the interest of the big power as regards the opening of rice market will soon officially announce the position that the rice market opening is unavoidable.

The news analyst says:

The scheme of the South Korean ruling quarters to open the rice market in disregard of the strong opposition and protest of the people is an anti-national crime never to be condoned.

The South Korean ruler was so wicked that he cheated the people with a lie after making the rice market opening an established fact.

Back home from his U.S. trip, he lied that he had not had any discussion or agreement on the issue of rice market opening. When sending his underlings to the Uruguay Round negotiation, he tried to mislead public opinion, saying that the position of the "civilian" authorities was to check the rice market opening.

This was a stopgap measure to quell the people's mounting struggle against the rice market opening. This could be done only by such traitors as Kim Yong-sam who is prolonging his days in power with big talk and lie.

The South Korean ruling quarters now say that even if the rice market is opened, they will prevent it from doing harm to the farmers.

Their pledge to "protect" the farmers while opening the rice market of South Korea is a jargon that they would protect sheep while leaving them to the mercy of a wolf.

With nothing can they conceal their treacherous crimes.

SKNDF Criticizes South on Rice Market Opening

*SK0612050493 Pyongyang KCNA in English 0433
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—The director of the Worker-Peasant Department of the C.C. [Central Committee], the South Korean National Democratic Front [SKNDF] (Hanminjon) issued a statement December 1, denouncing the authorities' measure of liberalising the import of 14 more items of agricultural produce as an unpardonable criminal act of totally cutting the lifeline of the farmers, Radio Voice of National Salvation reported.

The director charged that the anti-peasant "government" of Kim Yong-sam promised rice market opening to the United States through back-room negotiation in return for its assurance of the "international cooperation system" to hurt the North of the nation over the "nuclear issue," and, with an air of innocence, it is telling a lie to lull the massive action of the farmers.

"The farmers must not be taken in by the trick of the authorities but resolutely frustrate their treacherous plan of rice market opening," he said.

He declared that Hanminjon would expand the mass struggle shoulder to shoulder with the six million farmers to secure their right to existence and defend the rice market.

Iranian Defense Minister, Delegation Arrive

*SK0612111193 Pyongyang KCNA in English 1036
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—A government economic delegation of the Islamic Republic of Iran headed by Mohammed Forouzandeh, minister of defence and armed forces logistics, arrived here today to participate in the 5th meeting of the Inter-Governmental Joint Committee for Economic and Scientific-Technological Cooperation of Korea and Iran.

It was met at the airport by Vice Minister of People's Armed Forces Kim Kwang-chin, Vice Chairman of the State External Economic Affairs Commission Han Su-kil and Iranian Ambassador to Korea Hasan Taherian.

A welcome function took place at the airport.

The delegation was feted in the evening.

Lao Party, Government Delegation Welcomed

*SK0712051093 Pyongyang Korean Central
Broadcasting Network in Korean 2300 GMT 6 Dec 93*

[NODONG SINMUN 7 December editorial: "Lao People's Friendship Delegation"]

[Text] A Lao People's Democratic Republic Party and Government delegation led by Comrade Khamtai Siphandon, chairman of the Lao People's Revolutionary

Party Central Committee and prime minister of the Lao People's Democratic Republic, will arrive in Pyongyang today to pay an official goodwill visit to our country at the invitation of Comrade Kim Il-song, general secretary of the Workers Party of Korea [WPK] Central Committee and DPRK president.

Our people, receiving the Lao People's Democratic Republic party and government delegation which will come with friendly sentiment, are filled with great joy and warmly welcome the visit to our country by the delegation.

The Korean and Lao people are marching together hand in hand in the struggle to build independence, sovereignty, and a new society. When the Lao people waged the struggle for freedom and liberation, the Korean people stood firm on their side, and are standing firm on their side today, as well.

Our two countries are positively facilitating political, economic, and cultural exchanges, and the people of the two countries are closely supporting and cooperating with each other in carrying out their common causes.

The visit to our country by the party and government delegation of the Lao People's Democratic Republic will serve as an important occasion to develop Korean-Lao friendship at a higher stage. It will also greatly encourage our people who are waging the struggle to further consolidate the popular masses-centered socialism of our own style and achieve the fatherland's independent, peaceful reunification.

The great leader Comrade Kim Il-song has declared: Since the founding of the Lao People's Democratic Republic, the Lao people have overcome various difficulties and made great progress in the struggle to defend the revolutionary achievements and achieve socialist and economic development under the correct leadership of the Lao People's Revolutionary Party.

The Lao people are courageous people with an honorable tradition of struggle and industrious people who are building a new society through creative labor. The founding of the Lao People's Democratic Republic in December 1975 was a turning point in the Lao people's history. Since the founding of the Lao People's Democratic Republic, the Lao people have made great progress in the struggle to defend the revolutionary achievements and achieve social and economic development under the correct leadership of the Lao People's Revolutionary Party.

Today, the Lao people are vigorously waging the struggle to consolidate and develop a popular democratic system into a socialist system. The work of consolidating the regime is being carried out. The first session of the Third Supreme People's Assembly was held last February. At the session, Comrade Nouhak Phoumsavan was elected president of the Lao People's Democratic Republic, and Comrade Khamtai Siphandon, prime minister. This is

the expression of the Lao people's great trust for the Government of the Lao People's Democratic Republic.

The leadership position of the ruling Lao People's Revolutionary Party is growing. The party's organizational structure is being established, and the work of strengthening the party's cohesion and unity and its popular basis is carried out.

The Lao people are carrying out the 1993-1994 Social and Economic Development Plan. Various measures are being taken to solve the food problem, and a basis for the national industries is being established. Achievements are being brought about in education, culture, and public health.

Laos is developing friendly relations with its neighboring countries and all the progressive countries of the world under the slogans of peace, independence, friendship, and friendship. Our people rejoice, as they would over their own, the successes registered by the Lao people and extend firm support for and solidarity with the Lao people's just cause.

The Lao Government and people highly assess our people's achievements gained in upholding the great leader Comrade Kim Il-song and under the wise leadership of the dear leader Comrade Kim Chong-il while resolutely crushing the imperialists' vicious isolation and blockade maneuvers, and extend support for and solidarity with our people's just struggle for the fatherland's independent, peaceful reunification. The visit to our country by the Lao People's Democratic Republic party and government delegation is another clear testament to this.

Korea and Laos are both Asian countries. Strengthening the friendship between Korea and Laos will contribute to accelerating revolution and construction in the two countries and building a new independent and prosperous Asia.

Our people will make every effort in the future to strengthen and develop the relations of friendship and cooperation with the Lao people. Our people sincerely hope that the Lao People's Democratic Republic party and government delegation will bring about great achievements during its visit to our country.

Other Papers Welcome Delegation

*SK0712045693 Pyongyang KCNA in English 0439
GMT 7 Dec 93*

[Text] Pyongyang, December 7 (KCNA)—A party and government delegation of the Lao People's Democratic Republic headed by Comrade Khamtai Siphandon, chairman of the Central Committee of the Lao People's Revolutionary Party and premier of the Lao Government, is due in Pyongyang today on the invitation of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

Papers here today warmly welcome the Korean visit of the Lao party and government delegation.

An editorial article of NODONG SINMUN says that the Korean visit of the Lao party and government delegation marks an important occasion in putting Korea-Laos friendship on a new higher stage.

Pointing out that the foundation of the Lao People's Democratic Republic in December 1975 was a turning point in the history of the Lao people, the article says:

Under the correct leadership of the Lao People's Revolutionary Party, the Lao people have made a great advance in the struggle to defend the gains of the revolution and achieve socio-economic progress.

Laos is developing friendly relations with the neighbouring nations and all other progressive countries of the world under the slogan of peace, independence, friendship and cooperation.

The Korean people rejoice as over their own over all the achievements made by the Lao people and extend firm support and solidarity to them in their just cause.

They will in the future, too, make every possible effort to boost the friendly and cooperative relations with the Lao people.

An editorial of MINJU CHOSON says that for the Korean and Lao peoples to support each other and develop the friendly and cooperative relations will not only favour the revolution and construction in the two countries but also contribute to the building of an independent and prosperous, new Asia.

Parties Urge U.S. To Settle Nuclear Issue

*SK0612234593 Pyongyang KCNA in English 2212
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—Voices strongly demanding the U.S. side to completely settle the nuclear problem of the Korean peninsula are ringing out from different countries.

The Peruvian Communist Party noted in a statement on Nov. [word indistinct] that it was only the DPRK that had so far moved to implement the principles of the DPRK-U.S. joint statement after the talks between the two sides. The third-stage DPRK-U.S. talks has not been held as the United States is resorting to pressure, setting forth new prerequisites, it said.

There exists a grave nuclear threat worldwide because of nuclear states highhandedness against non-nuclear states, the statement said. It called upon all the peace-loving people of the world to merge their voices in checking the pressure campaign.

Students of the Dar es Salaam University of Tanzania in a statement Nov. 28 demanded the U.S. side to resume,

as soon as possible, the DPRK-U.S. talks now at a standstill, for a perfect solution of the nuclear problem on the Korean peninsula.

The statement strongly urged the U.S. side to implement at once resolution of the 30th U.N. General Assembly session on replacing the Korean Armistice Agreement with a peace agreement and dismantling the "U.N. Forces Command" and completely withdraw its troops and nuclear bases from the southern part of the Korean peninsula.

A resolution denouncing the "nuclear inspection" campaign against the DPRK was adopted at a meeting of the Nepal peace action committee on Nov. 21.

Kim Il-song Sends Message to Ivorian President

*SK0612110393 Pyongyang KCNA in English 1032
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea Monday sent a message of greetings to Felix Houphouet-Boigny, president of the Republic of the Cote d'Ivoire, on the national day of Cote d'Ivoire.

President Kim Il-song in the message wished him and his people success in their work for the prosperity of the country and expressed the belief that the friendly and cooperative relations between the two countries would further develop.

Foreign Minister Greet Mauritanian Counterpart

*SK0612045693 Pyongyang KCNA in English 0437
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—Foreign Minister Kim Yong-nam sent a message of greetings to Mohamed Salem Ould Lekhal [name as received] upon his appointment as minister of foreign affairs and cooperation of the Islamic Republic of Mauritania.

Expressing the belief that the friendly relations between the two countries would develop favorably, the message wished him success in his responsible work.

Tanzanian Official Praises DPRK Leaders

*SK0612045193 Pyongyang KCNA in English 0436
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—Francis Rimo, member of the National Executive Committee of the Revolutionary Party of Tanzania, told KCNA that as it was led by the great men, Korea had been able to achieve singlehearted unity of the leader, the party and the masses and steadily advance triumphantly under the banner of socialism.

He said:

"Though not a few countries are suffering from political and economic instability, Korea, led by the great Comrade Kim Il-song and dear Comrade Kim Chong-il, has achieved oneness in leadership and steadfastly adhered to the principles of independence in politics, self-sustenance in economy and self-reliance in national defence.

"The miraculous achievements in Korea are unthinkable apart from the wise leadership of the great men. The world progressive people, fascinated by their wise leadership, are now unsparing in their praise."

Noting that Korea is a model socialist country, he said:

"It independently judges everything and solves all the problems in the interests of its own revolution and people in accordance with its independent political line."

Official Greets Legislative Leaders of Jordan

*SK0712043293 Pyongyang KCNA in English 0423
GMT 7 Dec 93*

[Text] Pyongyang, December 7 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly, sent messages of greetings to Ahmed al-Lawzi upon his election as president of the Senate and Taher al-Masri upon his election as speaker of the House of Deputies of the Parliament of the Hashemite Kingdom of Jordan.

Expressing the belief that the friendly relations between the two parliaments would continue to develop on good terms in the future, the messages wished them greater success in their responsible work.

WPK Sends Message to Uruguay Communist Party

*SK0612110593 Pyongyang KCNA in English 1033
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] sent a message of greetings to the 23rd congress of the Communist Party of Uruguay on December 2.

The message expressed the conviction that the friendly relations between the two parties would further develop and strengthen in accordance with the idea of independence, peace and friendship and wished the congress great success in its work to defend the socialist principle and achieve unity and cohesion of the party, opposing imperialism.

Kim Chong-il Thanks Units, Working People

*SK0612043993 Pyongyang KCNA in English 0430
GMT 6 Dec 93*

[Text] Pyongyang, December 6 (KCNA)—The dear leader Comrade Kim Chong-il extended thanks to the South Pyongan Provincial Committee of the Workers' Party of Korea (WPK), the North Pyongan Provincial

Administrative and Economic Committee, the Kaechon district coal mining complex and other party, administrative and economic bodies, industrial establishments and schools in the provinces, worker of the Pyongyang Koryo Hotel Chon Ok-kum and many other working people for their sincere assistance to soldiers who were participating in the construction of the Pyongyang-Hyangan express highway.

The speakers at the thanks-conveying meetings expressed their resolution to always value and love the People's Army as their own flesh and blood and actively assist it.

Kim Chong-il Thanks Army Unit, Servicemen

*SK0712043093 Pyongyang KCNA in English 0421
GMT 7 Dec 93*

[Text] Pyongyang, December 7 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army, extended thanks to an Army unit and servicemen who had protected people's lives and property by fully displaying self-sacrificing spirit and distinguished themselves in assisting rural communities.

Soldiers of the Pak Kyong-chun Unit of the Korean People's Army brought injured students to the hospital in their stationing quarters and devoted all their sincere efforts so that the students could recover their health quickly. When a fire broke out on the threshing ground of a cooperative farm, they put it out without loss of time, thus saving several hundred tons of food grain.

And many servicemen had visited cooperative farms and helped farmers with their busy farm work, while on furlough after graduating from university or military academy.

At meetings held to convey thanks, speakers vowed to firmly safeguard the Korean-style socialism centred on the masses with arms and bring the beautiful tradition of Army-civilian unity into fuller bloom.

'Text' of Free Trade Zone Regulations

*SK0712053993 Pyongyang KCNA in English 0511
GMT 7 Dec 93*

[Text] Pyongyang, December 7 (KCNA)—The Administration Council of the Democratic People's Republic of Korea adopted "Regulations on the Entry and Exit of Foreigners In and From the Free Economic and Trade Zone".

Following is the full text of the regulations, Decision No. 75 of the Administration Council dated November 29, 1993:

Article 1. These regulations, subject to the law of the DPRK on the free economic and trade zone, are for establishing an immigration order in the free economic and trade zone so properly as to provide facilities to

foreigners travelling to and from the zone while maintaining security of the country.

Article 2. These regulations shall apply to any foreigner travelling to and from the free economic and trade zone.

Koreans residing outside the territory of the DPRK may also travel to and from the free economic and trade zone in accordance with these regulations.

Article 3. The immigration department of the zone authority shall undertake the work concerning the travelling of foreigners to and from the free economic and trade zone.

Article 4. Foreigners may travel to and from the free economic and trade zone with passports or same effective certificates issued by competent bodies of a country concerned.

Article 5. Travelling to and from the free economic and trade zone shall be confined to routes defined by the state.

Article 6. A foreigner intending to travel directly to the free economic and trade zone without passing through any other part of the Republic may enter the zone with no visa but on an invitation extended by a body, an enterprise, an organization or a foreign-invested enterprise in the zone.

In this case the inviting organization shall submit the list of travellers to the immigration department of the zone authority 5 days before their arrival at the zone.

Article 7. A foreigner intending to travel to the free economic and trade zone through other parts of the Republic shall carry with him or her a visa issued by the diplomatic or the consular mission of the DPRK in a foreign country.

Article 8. A foreigner intending to travel directly to the free economic and trade zone by a car shall apply by either mail or fax or telex to the immigration department of the zone authority for a pass of the car 5 days before its arrival in the zone. The pass of the car shall be valid for 15 days.

Article 9. A foreigner intending to frequent the free economic and trade zone in a certain period of time may apply for a multiple pass valid for 30 days at the immigration department.

Article 10. Foreign tourists with the "certificate of tourism of the DPRK" may travel to and from the free economic and trade zone without visa.

A foreigner intending to tour the free economic and trade zone shall have the certificate of tourism issued by the competent body of the DPRK or by the diplomatic or the consular mission of the DPRK in a foreign country.

A foreigner in the free economic and trade zone who intends to tour other parts of the DPRK shall have the certificate of tourism issued by the tourist service body in the zone.

Article 11. For the purpose of visit to the free economic and trade zone, members of diplomatic missions, economic and trade missions and offices of international organization in the DPRK shall apply to the Ministry of Foreign Affairs, members of consular missions to the corresponding provincial administrative and economic committee and other foreigners to the competent bodies of the DPRK for passes for both themselves and cars.

Article 12. When a foreigner in the free economic and trade zone intends to go directly to a foreign country without passing through other parts of the Republic, he or she can leave the country without visa.

Article 13. When a foreigner in the free economic and trade zone intends to leave the Republic through other parts of it, he or she shall apply to the immigration department of the zone authority for a visa 5 days before his or her departure.

Article 14. When a foreigner in the free economic and trade zone intends to travel to other parts of the Republic, he or she shall apply to the immigration department of the zone authority for a pass or a visa 5 days before his departure.

Article 15. When a foreigner intends to transport by vehicles trade goods in transit from free trade ports through other parts of the DPRK, he or she shall apply to the immigration department of the relevant zone for passes for both the person and the vehicles 5 days before the vehicle crosses the border.

Both passes are valid for 30 days.

A foreigner possessed of both passes shall confine his or her passage to the routes designated.

Article 16. In case of being issued travelling certificates and passes for persons and vehicles, such fees as specified for it shall be paid.

Article 17. Extension of the terms of validity of travelling certificates and passes for persons and vehicles shall be applied to and approved by the corresponding issuing organization 5 days before its expiration.

Article 18. Travelling certificates or passes for persons and vehicles shall be returned to the relevant body within one week from the date of its expiration.

Article 19. In case travelling certificates or passes for persons and vehicles relating to the travelling to or from the free economic and trade zone are lost or fail to be returned within the specified period of time, fines shall be levied.

In case of the reissue of such documents due to loss, charges 10 times the specified amount shall be levied.

Article 20. No access to the free economic and trade zone is allowed to international terrorists, drug addicts, drug traffickers, patients with contagious diseases, mentally deranged persons and other personage non grata.

Article 21. The counterfeiting of the travelling documents or the travelling through any passage other than the specified routes shall be subject to confiscation of the documents involved and charging fines. When such acts are severe, the person involved may be expelled and prohibited from re-entering the country.

Paper Says Leadership Ensures Regime Vitality

SK0612140193 Pyongyang NODONG SINMUN in Korean 7 Nov 93 p 4

[Article by Sung Chong-pyo: "Leader's [suryong] Leadership Is a Decisive Factor That Guarantees the Solidity and Vitality of the Socialist Regime"]

[Text] Today, our people's regime is proud that it is the most solid and vital regime that wins absolute support and trust from the popular masses and is vigorously carrying out the chuche-oriented socialist cause. This is the result of the wise leadership of the party and the leader [suryong] that have endlessly strengthened and developed our people's regime into a powerful political weapon for carrying out the socialist cause.

The dear leader Comrade Kim Chong-il has pointed out:

"A decisive factor that guarantees the solidity and vitality of a socialist regime is the leadership of the outstanding leader [tagwolhan suryong] of the working class."

The people's regime represents the popular masses' independent rights and their interests and a political weapon that organizes and mobilizes the popular masses in carrying out the socialist cause. Only when we strengthen the people's regime and enhance its role, can we strengthen the might of the main forces of the revolution and vigorously carry out revolution and construction. Strengthening the people's regime is a way to defend, consolidate, and develop the socialist system and a firm guarantee for victoriously advancing and completing the popular masses' cause of independence, the socialist cause.

A fundamental question in making the socialist regime solid and vital is to guarantee leadership by the outstanding leader [suryong] over the socialist system.

The leader [suryong] of the working class is a leader [yongdoja] who builds and leads a socialist regime, and a socialist regime is, in essence, a political weapon for implementing the leader's [suryong] ideology and leadership. Ideas and theories on building a socialist regime are created by a leader [suryong] and developed and enriched by him in compliance with the demands of the

developing era and revolution. Also, under the leadership of the leader [suryong], a socialist regime is established, and directions and tasks for government building are presented at each stage of revolution and construction.

Building a socialist regime and strengthening and developing it is unthinkable apart from the ideology and leadership of the leader [suryong] of the working class. The existence of a socialist regime and its might and invincibility are determined by whether or not the socialist regime is under the leader's [suryong] outstanding leadership.

Guaranteeing the leader's [suryong] leadership over the socialist regime is posed as all the more important an issue as revolution and construction deepen after government building.

As socialist construction progresses, the socialist regime will face numerous difficult and complicated tasks to reform people in compliance with the popular masses' original nature of independence, and the maneuvers by the imperialists and reactionaries will become vicious.

This demands that the function and role of the people's regime, a powerful weapons for revolution and construction, be further enhanced.

When a socialist regime is established, how solid and vital it is is determined by politics which this regime carries out. And, the politics of the socialist regime and its function and role are determined by whether or not it is under the correct leadership of the outstanding leader [tagwolhan suryong]. This is because the politics of the socialist regime is that of the leader [suryong] and because how powerful the politics of the socialist regime is is determined by how great the politics of the leader [suryong] of the working class is.

In some countries that were building socialism, the socialist regimes which they attained with blood collapsed overnight, because there was no leadership of a leader [suryong]. These countries were not under the leader's [suryong] leadership which has continuity. As a result, they had no correct idea and line on government building and failed to adhere to revolutionary principles on government building and government activities. Also, bureaucratism and cronyism emerged among officials of state institutions and lost the people's faith as a result. And, these countries consequently collapsed. This clearly shows how important it is to guarantee the leader's [suryong] leadership over the socialist regime.

Today our popular government is displaying its pride as a most solid and vigorous socialist regime because it is led by the wise leadership of the great leader [suryong] and dear comrade leader [chinaehanun chidoja tongji].

The great leader [suryong] created the immortal chuche idea at an early date and based on this, put forward a new unique line for building the popular regime by reflecting the demand of development of the time and

the revolution. He then brilliantly embodied this line. In particular, the great leader saw to it that politics of independence, democracy, unity and benevolence—popular mass-centered politics—are implemented in the activities of the regime. He also saw to it that our popular regime vigorously demonstrate its traction power and indomitable vitality in glorifying our-style socialism and in victoriously advancing the *chuche* revolutionary cause.

Today our popular regime, which has been strengthened and developed into a solid and vigorous socialist regime under the leadership of the great leader [suryong], is being led by the wise leadership of dear leader Comrade Kim Chong-il. As the result, it is highly demonstrating its dignity and honor as the ever-victorious and indomitable revolutionary regime.

The dear comrade leader is developing and further enriching the respected leader's *chuche*-oriented idea and theory for building the popular regime, and is brilliantly embodying them. He is dedicating everything to consolidating and developing our popular regime into a powerful political weapon for accomplishment of the *chuche* socialist cause.

The dear comrade leader is constantly consolidating and developing the popular regime with matchlessly outstanding ideas, theoretical wisdom and refined leadership. Thanks to his wise leadership, firmness and vitality of our popular regime have been further strengthened and its bright future is unfolded.

What is important in the leadership of dear comrade leader, who is consolidating and developing the popular regime, is that he expounded a bright road for our popular regime to advance by constantly putting forward the new ideas and theories pertaining to the building of a socialist regime of our era and to its activities.

It is a priority demand for building a solid and vigorous socialist regime to clearly expound the road for the regime to advance in each time of the revolutionary development. Only when the correct line for building a regime and the direction of its activities are put forward in accordance with the demand of the development of the time and revolution, can we continuously and highly demonstrate the superiority and vitality of the socialist regime without committing a slightest degree of deviation in building a regime and in its activities.

It is a firm position of dear comrade leader to tenaciously defend and protect the unique idea created by the great leader for building a popular regime and to constantly deepen and develop the idea. It is also the firm position of dear comrade leader to strengthen and develop the popular regime into a *chuche*-type socialist regime. Even in recent years, the dear comrade leader published a number of documents, including "The Historic Lesson in Socialist Construction and Our Party's General Line," "Let Us Further Display the Superiority of Our Popular Regime," and "Disturbances of

Socialism Cannot Be Tolerated." Thus, he further developed and enriched the great leader's ideas for building a regime and brightly elucidated the direction for the popular regime to advance and measures to take.

Documents of the dear comrade leader concretely elucidated all issues, which we should assume as a guideline in building a regime and in its activities, including character and missions of the socialist regime, as well as principle and method of its activities, and tasks facing the popular regime. The dear comrade leader also put forward the issue on ensuring the monolithic leadership of the party and the leader [suryong] over the socialist regime; the issue of consolidating and developing the popular regime based on the *chuche*-oriented position, and the issue of strengthening the guidance of socialist economic construction. Thus, everything is included in his ideas and theories.

With their truthfulness and justness, the dear comrade leader's ideas and theories on building and activities of the popular regime have become a monolithic guideline which we should always adhere to in building the regime of our era. By brilliantly embodying the ideas and theories on building the *chuche*-type socialist regime and on its activities elucidated by the dear comrade leader, our popular regime can firmly adhere to its revolutionary and popular character even amid such complex circumstances as today and is highly demonstrating its indomitable vitality in practice of the revolution.

What is important in the leadership of dear comrade leader, who is constantly consolidating and developing the popular regime, is that he strengthened social and political foundation of the popular regime by implementing genuine politics for the people and that he enabled the popular regime to excellently fulfill its missions and duties as server for the people.

Firmness and vitality of the popular regime depend chiefly on the social and political foundation of the regime. The social and political foundation is a basis for building a regime and for its activities. One cannot think of the regime without social and political foundation, and existence and might of a regime depend on how firm its social and political foundation is. No matter how advanced economic power and powerful defense capabilities a regime may have, it cannot demonstrate its vitality nor can its life be maintained if its social and political foundation is weak.

The firmness of social and political foundation also depends on the character and objectives of politics implemented by a regime. Only when the socialist regime implements genuine politics for the people under the correct leadership of the party and the leader [suryong], can the regime satisfactorily fulfill its mission based on the firm social and political foundation, and can it be constantly strengthened and developed.

Under the leadership of the dear comrade leader who implements genuine politics for the people, our popular regime strengthened its social and political foundation

more firmly than ever before, and the people's support for and trust in our popular regime have been further consolidated.

The dear comrade leader is implementing genuine popular mass-centered politics for the interest and happiness of the people with boundless love for and absolute trust in the people. The love for and trust in the people are the basic kernel and a foundation of politics of dear comrade leader. By always paying keen attention to the demand and interest of the people, the dear comrade leader formulates the policies of the party and the state. By putting forward the revolutionary slogan, "We serve the people!" he sees to it that the popular regime sincerely serve the people.

The dear comrade leader is warmheartedly leading the masses from all walks of life, including workers, peasants and intellectuals, to the rewarding road of revolution with endlessly broad generosity and lofty personal dignity. He gives a valuable life and honor to them. Thanks to such politics of love and trust and broad-scale politics by dear comrade leader, all the people in our country are vigorously struggling for victory of the cause of our-style socialism with singlehearted unity with the party and the leader [suryong] by cherishing the idea of absolute worship of the leader [yongdoja].

Thanks to genuine politics implemented by dear comrade leader for the people, our popular regime is satisfactorily fulfilling its missions and duties as genuine server of the people, and the social and political foundation of the popular regime is being further strengthened each day.

Whenever our people think of our most solid and vigorous popular regime, we recall with deep emotion the wise leadership and immortal achievements of the dear comrade leader who illuminated the most precise lines for building our socialist regime and for its activities and who is brilliantly embodying them.

It is a great honor and pride of our popular regime to vigorously accelerate the chuche socialist cause by holding in high esteem the great leader [yongdoja].

By deeply cherishing a great pride in carrying out the revolution under the leadership of the dear leader Comrade Kim Chong-il, functionaries of organizations of the popular regime and working people should more firmly consolidate our popular regime and should more vigorously accelerate the revolution and construction.

Talk Lauds Modelling Society on Chuche Idea

*SK0712085693 Pyongyang Korean Central
Broadcasting Network in Korean 0200 GMT 6 Dec 93*

[Unattributed talk: "The Revolutionary Essence and Basic Contents of Our Party's Original Elucidation of Modelling the Whole Society on the Chuche Idea"]

[Text] The dear leader Comrade Kim Chong-il has formulized and declared the great leader's revolutionary idea in combination with the leader [suryong]'s esteemed name. He has also presented original ideology and theory of modelling the whole society on the chuche idea.

The dear comrade leader expounded upon the outstanding ideology and theory of modelling the whole society on the chuche idea and elucidated the communist program which has been consummated for the first time in history. Modelling the whole society on chuche is a sacred revolutionary cause to build or consummate communism.

The dear leader Comrade Kim Chong-il has indicated: The program of modelling the whole society on the chuche idea presented by our party is a great communist construction program to successfully occupy the communist ideological and material fortress and to completely realize independence of the working popular masses by renovating the ideology of the people and by transforming society and nature as demanded by the chuche idea.

Modelling the whole society on chuche is a great work of renovating the ideology of people and of transforming society and nature in order to renovate the ideology of people and to transform society and nature in conformity with the demands of chuche idea.

In essence, modelling the whole society on the chuche idea is to build and consummate a communist society based on the great chuche idea. The process of building socialism or communism is a process of transforming the whole society into a working-class type when one sees it from the viewpoint of class relations. On the other hand, it is a process of imbuing the whole society with the revolutionary idea of the working class and chuche idea when one sees it from the viewpoint of realizing ideology.

Originally, the process of carrying out the communist revolutionary cause is a process of fully applying the leader [suryong]'s revolutionary idea—which has reflected the independent demands and class-oriented interest of the working popular masses, including the working class—to social change.

To build communism, therefore, we need correct revolutionary guiding ideas which will transform the whole society into communist-oriented style according to the demands and interests of the working popular masses, including the working class. The guiding idea of the communist revolution has been constantly developed and has evolved with new ideologies according to the advance of the times and the development of the revolution.

Constituting the essence of the chuche idea, the great leader Comrade Kim Il-song's revolutionary idea elucidates the most correct way of leading and fully consummating the socialist and communist cause down the single road of victory by reflecting the demands of

revolutionary practice in the chuche era and the independent aspirations of the popular masses.

Therefore, the struggle to build communism should be the course of thoroughly embodying the chuche idea, the revolutionary idea of the great leader Comrade Kim Il-song in all fields of social reform by assuming this idea as the guideline.

Modelling the whole society on the chuche idea means reforming the people, society and nature in accordance with the demand of the chuche idea.

Transforming all members of society into chuche-type communist revolutionaries constitutes the basis in modelling the whole society on the chuche idea. The work of making people into chuche-type communist revolutionaries is the work embodying the demand of the chuche idea in reforming people.

The work of reforming people is fundamental to the reform of nature, society and people in a communist manner. The reform of nature and society begins and ends with reforming people no matter how large the scale of reforming nature and society may be.

Indoctrination and reform of people into chuche communist-type people in remodeling the people on the chuche idea are the basic direction and basic method for communist-type reform of people in our era.

The chuche idea, being the great leader's [suryong] revolutionary idea, contains ideas, theories, and mental and moral traits not only of the people who are struggling to build socialism and communism at the present stage but also that which future generations of communist society should cherish.

The chuche idea, the great leader's revolutionary idea, comprehensively expounds the revolutionary principle and scientific method for communist-type reform of people. Therefore, communist-type reform of people in our era should advance in the direction of remodeling all members of society on the chuche idea.

Communism guarantees the independent and creative life of the working people by reforming society and nature according to the demand of the chuche idea. Building a material and technological foundation for communism and establishing unitary communist ownership constitute one of the basic factors in modelling the whole society on the chuche idea.

In order to model the entire society on the chuche idea, all members of society should become chuche-type communist revolutionaries. In addition, the people's living circumstances and living conditions should be reformed in compliance with the essential demand of communist society.

The work of building the material and technological foundation of communism by reforming the people's living circumstances and the work of establishing unitary communist ownership are the work of embodying the

demand of the chuche idea in reforming nature and society. Reforming all domains of social life in accordance with the demand of the chuche idea is the basic direction and basic method for communist-type reform of nature and society of our era.

The chuche idea elucidated not only the direction and demand for reforming society in a communist manner but also social relations and the implementation method and productivity level that should be developed in communist society.

Therefore, in order for us to attain the development standard that corresponds to communist society and to reform social relations in a communist way, we should reform nature and society according to the demand of the chuche idea without fail.

The communist-type work of reforming people, society and nature in accordance with the demand of the chuche idea includes the revolutionary essence and basic content for modelling the whole society on the chuche idea.

For the first time in history, the dear leader Comrade Kim Chong-il expounded upon the history of the development of the theory on communist revolution, the revolutionary essence and basic content for modelling the whole society on the chuche idea. Thus, he opened a wide road for successfully occupying an ideological fortress and material fortress of communism and for correctly building the communist society where the independence of the working popular masses is completely realized.

South Korea

Kim Yong-sam, Clinton To Hold Summit 7 Dec

SK0712142493 Seoul KBS-1 Television Network in Korean 1221 GMT 7 Dec 93

[Text] It has been learned that President Kim Yong-sam and U.S. President Clinton will hold a ROK-U.S. summit through the telephone line tonight to discuss the means for a solution to the North Korean nuclear issue and the opening of the rice market, which is the greatest pending issue between the ROK and the United States.

Meantime, at a White House meeting held today on the measures, the United States temporarily [ildan] refused the proposal for limited [chaehanchogin] nuclear inspections made recently by North Korea.

Correspondent Mun Chae-chol reports from Washington.

[Begin recording] [Mun] The United States decided to refuse the proposal for limited nuclear inspections put forward by North Korea. The U.S. Administration refused the North Korean proposal because the nuclear facilities in Yongbyon, which are the core of the issue,

are excluded from the inspection targets and because the timetable for the North-South dialogue is not clear. [end recording]

[President Clinton, in English] At the end of the meeting, I authorized our folks to go back to the South Koreans and their allies, and I expect to have a talk with President Kim in the next... [pauses] sometime in the next 24 hours. We will talk a little more about it then. I want to talk to him before I say more.

[Mun] It is very likely that the opening the Korean rice market, the greatest impending issue between the ROK and the United States, not to mention the means for a solution to the North Korean nuclear issue, will be discussed during the ROK-U.S. telephone summit between President Kim Yong-sam and President Clinton, which will be held tonight, our country's time.

Just before the White House meeting was held, officials related to the International Atomic Energy Agency stationed at the United Nations, conveyed to the White House their strong will to refuse the North Korean proposal. Our government also conveyed its position through the U.S. Department of State.

U.S. experts in the nuclear field have observed that since North Korea does not yield [kulbok] in dragging their feet to gain time, the United States and North Korea are headed toward a confrontation. [end recording]

Kim Yong-sam, Clinton Talk on Phone

SK0712152593 Seoul KBS-1 Radio Network in Korean
1500 GMT 7 Dec 93

[Text] President Kim Yong-sam and U.S. President Clinton discussed over the telephone impending issues between the two countries, including the North Korean nuclear issue and the opening of the rice market, for 35 minutes from 2245 to 2320 [1345 to 1420 GMT] on 7 December. It has been learned that during the telephone talks, the top leaders of the two countries shared the view that the proposal for limited inspection put forward by North Korea is insufficient for the ROK and the United States. They decided to demand that North Korea accept the full inspection and respond to the exchange of special envoys between the North and the South.

IAEA Says No Word From DPRK on Inspections

SK0712013593 Seoul YONHAP in English 0128 GMT
7 Dec 93

[Text] Berlin, Dec. 7 (YONHAP)—The International Atomic Energy Agency (IAEA) has not received any official message from North Korea saying it will allow wider access to its nuclear sites, IAEA Spokesman David Kyd said on Monday. North Korea had made the offer only to Washington, not the IAEA, he said.

Kyd made the remarks when asked to comment on U.S. newspaper reports that Pyongyang has expressed its willingness to allow the IAEA full access to five nuclear

sites and limited access to two of the most important—a nuclear reactor at Yongbyon containing spent fuel allegedly laden with bomb-grade plutonium and a nearby facility for reprocessing the fuel to separate the plutonium.

Kyd, noting the restrictions on access to the two most important sites, suggested that the IAEA considers the North Korean proposal insufficient.

The IAEA's basic principle of nuclear inspection in North Korea was clarified last week at the Board of Governors meeting, Kyd said.

IAEA Director-General Hans Blix told the board that the IAEA is ready for dialogue and consultation with Pyongyang and ready to send an inspection mission anytime North Korea is ready to allow it to fully implement the nuclear safeguards, including access to additional information and visits to additional places.

The IAEA does not have any timetable but the continuity of nuclear safeguards has deteriorated so seriously that it cannot confirm that North Korea is not diverting declared material from peaceful purposes, Kyd said. He urged North Korea to accept nuclear inspection as soon as possible before the continuity of the safeguards stops.

Envoy to Vienna Interviewed on Nuclear Issue

SK0412003293 Seoul CHOSON ILBO in Korean
3 Dec 93 p 5

[Interview with Yi Si-yong, ambassador to Vienna, by reporter Kim Kwang-il in Vienna on 1 December]

[Text] [Kim Kwang-il] Do you think it will be possible to resolve the North Korean nuclear issue within this year?

[Yi Si-yong] I do not think it will be possible to completely resolve it within this year. What I can clearly say is that a consensus has been reached in that "this issue can no longer be delayed."

[Kim] People are saying that currently the ball is in the North Korean's court....

[Yi] Our position was adjusted at the ROK-U.S. summit. Also, I believe that measures for punishment, if North Korea rejects the inspection, and the benefits it will be given, if it accepts them, were explained to the North Korean side in detail. In reality, the ROK and the United States have clearly drawn the line on making compromises. North Korea is standing at the last crossroad of making a decision on its nuclear issue. All friendly countries of the world are focusing their attention on how North Korea will respond in the upcoming International Atomic Energy Agency's [IAEA] Board of Governor's meeting.

[Kim] How do you view the U.S. media, which reported that the Clinton administration changed its policy on the North Korean nuclear issue to one of an appeasement attitude?

[Yi] It is not an accurate report. The U.S. Administration is closely keeping in step with our government. The ROK and the United States have coordinated with each other at all times and in detail, through various channels, on the use and degree of the "carrot and stick" policy.

[Kim] Many people believe that the only country in the international community that can exercise influence over North Korea is China....

[Yi] Chinese representatives here say that they do not have that great of an influence over North Korea. This is their official position. They say that China respects North Korea's autonomy and, considering its system, North Korea does not listen to views of a third country. It is an unmistakable fact that, from our point of view, China is in a position to exercise political, military, and economic influence over North Korea. I am frequently attending banquets with the Chinese ambassador to Vienna and we are cooperating with each other. It seems that the North Korean and Chinese ambassadors are not able to meet frequently.

[Kim] What is China's exact position on the North Korean nuclear issue?

[Yi] China's position is clear. First, either side of the Korean peninsula must not arm itself with nuclear weapons; second, the South-North Korean declaration on denuclearization must be realized; and third, North Korea must cooperate with the IAEA to secure its transparency on the nuclear issue. By doing so, it can ultimately prevent Japan's attempt to arm itself with nuclear weapons. This completely coincides with our position. China's position represents a big change when compared with the Cold War era.

[Kim] Is there a difference between China and the ROK and the United States on the way of approaching North Korea's nuclear issue?

[Yi] There is a slight difference of opinion. China's position is that we have to lure North Korea to change its attitude through dialogue, while the ROK and the United States view that North Korea, which is continuing to make demands for a compromise, can no longer be tolerated. There is a difference in approach but the basic goal is the same.

[Kim] What kind of talk is being exchanged regarding North Korea at informal gatherings in Vienna's diplomatic circles?

[Yi] It may be a paradox, but in a nutshell diplomatic circles are saying that they are learning a lot because of North Korea. North Korea has been showing a completely different aspect compared to conventional diplomatic common sense. During the past year, they had taught the diplomatic circles how to deal with an unpredictable system. For example, in a so-called statement by the North Korean representative, it made remarks about insidious elements within the IAEA's Secretariat and that these insidious elements are trying to crush [apsal]

North Korea by conspiring with the United States, and so on. Diplomats here are comforting us by acknowledging how difficult it has been for us to deal with such people during the past 40 years.

[Kim] I heard that you will assume a heavy responsibility at an international agency next year.

[Yi] I was appointed chairman of the "Group of 77" beginning on 1 January 1994. My term is for one year. I believe that it will be an opportunity to show our diplomatic capabilities in the diplomatic arena.

GATT Trade Talks With U.S. To Continue

SK0712073793 Seoul YONHAP in English 0717 GMT 7 Dec 93

[Text] Geneva, Dec. 7 (YONHAP)—South Korean and U.S. officials will discuss mutual trade concerns related to the Uruguay Round [UR] talks on Tuesday, including opening of Korea's rice market and further opening of its financial and service markets.

Chief delegate Ho Sin-haeng, the agriculture, forestry and fisheries minister, is scheduled to meet with U.S. Trade Representative Mickey Kantor in the afternoon, though the encounter might be delayed for several hours as Kantor began negotiations with the European Community delegation in the morning in Brussels.

Ho is expected to accept tariffication of rice and seek U.S. cooperation to minimize the shock of rice market opening on Korean farmers.

He is expected to ask Kantor to agree to a more than 10-year grace period before opening up to rice imports through tariffication and lower minimum market access in the first year to 2 percent as presented in talks with U.S. Agriculture Secretary Mike Espy.

Meanwhile, assistant minister-level Korean and U.S. officials held working-level talks on Tuesday morning to narrow differences on the UR negotiations.

Talks on GATT Issues Postponed

SK0712112493 Seoul YONHAP in English 1054 GMT 7 Dec 93

[Text] Geneva, Dec. 7 (YONHAP)—A minister-level Korea-U.S. meeting to discuss Uruguay Round issues, originally slated for Tuesday here, has been put off until a later time.

Kang bong-kyun, head of the Economic Planning Board's International Policy Coordination office, said the talks between Agriculture, Forestry and Fisheries Minister Ho Sin-haeng and U.S. Trade Representative Mickey Kantor were delayed as Kantor's meeting with a European Community (EC) delegation in Brussels dragged on.

"The high-level Korea-U.S. meeting has been postponed. But, we expect it could take place late this afternoon or Wednesday," Kang said.

South Korea is expected to ask at the planned meeting for a more than 10-year grace period before opening up to rice imports through tariffication.

Country Agrees To Open Agricultural Market

SK0712121093 Seoul KBS-1 Radio Network in Korean
1100 GMT 7 Dec 93

[By special reporting team from Geneva]

[Text] Nine basic ROK agricultural products, including beef, pork, and tangerines will be imported with a high tariff beginning in 1995. The ROK working-level negotiation team for agricultural products in the Uruguay Round [UR], during the 7 December negotiation with the U.S. working-level negotiation team, agreed to open agricultural markets for nine items including beef, pork, poultry, dairy products, tangerines, red peppers, garlic, onions, and sesame, under the condition of imposing a high tariff equivalent to the difference between domestic and international prices starting in 1995.

The government submitted to the GATT in 1987 its plan to completely open the market for nine items, including beef, with current tariff rate starting on 1 July 1997, after the ROK graduates [chorop] from the article concerning the international balance of payment, BOP, defined by the GATT. However, the ROK has agreed with the U.S. side to cancel the plan in the upcoming UR talks.

The U.S. side asked to open the markets in 1995 in return for accepting our proposal to impose a higher tariff for these items depending on the result of the UR and our side accepted this.

The ROK and the United States also agreed to impose a tariff equivalent to the difference between domestic and international prices. The two countries agreed, however, to decide on individual tariffs by item in the forthcoming working-level negotiations. The agreement is believed to be a substantial concession by the U.S. side and is expected to contribute considerably in protecting domestic agriculture.

Plans To Restructure Agriculture

SK0712084193 Seoul YONHAP in English 0832 GMT
7 Dec 93

[Text] Seoul, Dec. 7 (YONHAP)—The government will restructure Korean agriculture to cope with the upheaval caused by partial opening of the rice market under the world trade pact being forged in the Uruguay Round of multilateral talks.

The Economic Planning Board said in a report released Tuesday that Korean agriculture needs restructuring more than ever before as subsidies for farmers with chronically low income can no longer be continued.

Imports of rice by minimum market access should include control over who imports it, when and where the rice is used to minimize its impact on rice growers, the report says.

It says that 42 trillion won (52.5 billion U.S. dollars) will be spent on agricultural restructuring, including land reform, by 1998.

President To Speak on Rice Market 15 Dec

SK0712030393 Seoul YONHAP in English 0256 GMT
7 Dec 93

[Text] Seoul, Dec. 7 (YONHAP)—President Kim Yong-sam is to preside over a meeting on the economy on Dec. 15 and give a public address on the administration's position on rice imports and support for farmers, a presidential aide said Tuesday.

Prime Minister Hwang In-song, Deputy Prime Minister Yi Kyong-sik, economy-related ministers, ruling Democratic Liberal Party [DLP] Chairman Kim Chong-pil, DLP policymakers, and leaders from various walks of life will take part in the meeting, which is scheduled for next week at Chongwadae (the presidential office), he said.

The meeting was scheduled for Wednesday, but was postponed as Seoul-Washington negotiations are ongoing, the aide said.

The bilateral negotiations will wind up in Geneva by Dec. 15, when the administration is due to express its formal position on rice market opening, he said. It is preparing a comprehensive support package for the farming industry and measures to minimize losses to farmers from rice market opening before next week's announcement. It is still undecided whether Kim will explain the position in a statement or a speech.

The meeting will discuss an overall industrial response to the conclusion of the Uruguay Round negotiations.

Country To Import Beef at GATT Tariff Rates

SK0712010693 Seoul YONHAP in English 0047 GMT
7 Dec 93

[Text] Geneva, Dec. 6 (YONHAP)—South Korea will import beef under Uruguay Round [UR] terms instead of under current tariffs from 1995, boosting duty from 20 percent to as much as 430 percent, officials said Monday. The United States has agreed to Korea's insistence that beef be linked with UR terms, the officials said.

Washington had claimed throughout past bilateral negotiations that Seoul was no longer protected by the General Agreement on Tariffs and Trade (GATT) balance of payments rule and thus must open up to beef imports under current tariff rates. This would have meant a 20-percent tariff on all imported beef starting on July 1, 1997.

The agreement, however, says that from 1995 Korea will import the same volume of beef at 20 percent but all additional imports will be subject to the so-called Tariff Equivalent (TE). The TE is a tariff levied on imports to cover the difference in price between domestic and foreign goods. Korea proposes a 430- percent TE on beef.

The two sides are yet to agree on by how much and how fast to reduce the TE in following years, according to the officials.

The United States says the TE should go down to 36 percent within six years, while Korea suggests 15 percent.

The officials said the two countries will address this issue in working-level negotiations later.

Ministry To Bolster Delegation

*SK0712071193 Seoul YONHAP in English 0651 GMT
7 Dec 93*

[Text] Seoul, Dec. 7 (YONHAP)—The Agriculture, Forestry and Fisheries Ministry will send four or five more working-level officials to Geneva Wednesday as Uruguay Round trade negotiations on market opening for 14 other principal farm products than rice have started, a Ministry spokesman said Tuesday.

The officials, from the livestock or distribution divisions, include livestock policy Director-General Yi Hon-mok.

The working-level officials are to deliver the government's position on the 14 non-trade concerns and related negotiation materials to the Korean delegates to the trade talks in Geneva, and meet with similar-level negotiators from other countries.

Business Shows Cautious Support on GATT Accord

*SK0612064093 Seoul YONHAP in English 0534 GMT
6 Dec 93*

[Text] Seoul, Dec. 6 (YONHAP)—The business community refused to comment Monday on the opening of Korea's rice market lest they provoke the farmers, but the general feeling was that it has been in the cards all along and the government should have done something to reduce the shock on the farming industry.

There was cautious support for the decision in considering the cost of Korea's isolation from the Uruguay Round [UR] trade accord.

The Federation of Korean Industries (FKI), which has kept a low profile since the controversy when FKI Chairman Che Chong-hyon publicly stated the inevitability of rice imports in spring, said it would study support measures for farmers once the government settles on a new rice policy now that opening has become a reality.

Members say FKI looked into various agricultural supports in case of opening earlier in the year, but could not go ahead because of strong public opposition.

"We should not be just afraid of rice opening and if we put our heads together, we can raise the competitiveness of our rice," FKI Vice Chairman Cho Kyu-ha said, calling on the business sector to actively help farmers get through the difficult times and live well.

Some industrial experts point out that technology development is equally important in agriculture and urge companies to invest in improving agrotechnology and expanding non-farming income.

The Korea Trade Promotion Corp. (Kotra) had the courage to speak up on Saturday, saying that a UR deal will bring developing countries an export increase of 15 percent.

Korea and Southeast Asian countries will be rewarded with export benefits. With long-term and appropriate preparations for rice imports during the grace period, Korea can minimize the damage, Kotra said.

Although not openly till now, trading houses have been worried that the government may make concessions in financial and service sectors in a desperate hope to save the rice market.

Despite opposition from the farming industry, Japanese companies frequently predicted the inevitability of rice opening and helped prepare countermeasures, said Yim Tong-sung, director of Samsung Economic Research Institute.

It was high time that Korean industry hasten to restructure Korean agriculture, he said.

A Hyundai Group spokesman said it was premature to worry over the collapse of the Korean farm industry before multinational grain exporters make inroads, and warned that the government should not neglect the ill effects of service sector opening.

Other industrialists were of one voice that all efforts must now focus on minimizing the damage to farmers and drawing up measures for a further exodus from rural areas.

Editorial on U.S. Pressure To Open Rice Market

*SK0712064493 Seoul TONG-A ILBO in Korean
7 Dec 93 p 3*

[Editorial: "Viewing U.S. Pressure To Open the Rice Market"]

[Text] The ROK and the United States, the leading country in the Uruguay Round [UR] negotiations, are currently holding negotiations in Geneva on the issue of opening the rice market. Watching over the rice negotiations, our people are upset over the excessive pressure from the United States. This is because the United States

is demanding that we accept unreasonable conditions. People of the two countries hope that this issue will not cause fissures in the tradition of friendship and trust. Also, they hope that the situation will not progress so that both countries no longer have any practical interests to gain.

We firmly believe that more than any other ally, the United States has full understanding of the position of the ROK and its people. We believe that Americans are fully aware of the deep and long history of the love and affection that the ROK people have for rice. Our people's love for rice is the same whether one is a farmer or not. Therefore, Americans are well aware of the fact that for our people, rice is tantamount to life itself.

The lobbying activities of the five big grain majors including (Cargill) and Continental and other world grain majors lies behind the strong pressure from the U.S. Government to open the rice market. When there was a poor rice harvest in 1980, we had to buy U.S. rice that was double the purchasing price of rice per tonne in 1979. It is a widely known fact that this was due to the influence of the majors. In the UR negotiations which is being initiated by the United States and the EC, some developing countries such as Malaysia are showing opposition in the field of agricultural products by saying: "A serious imbalance is being revealed." We hope that this will not be a barrier to the development of the regional economic consultative system for the Asia-Pacific Economic Cooperation that took place in Seattle in November upon the initiative of the United States.

Currently, the ROK and the United States are working together on dealing with North Korea and its nuclear issue. We are carrying out a joint cooperative system regarding the Korean peninsula's security issue overall. Our people are deeply gratified over the United States' deep understanding of the ROK's position in resolving North Korea's nuclear issue and over the efforts of the United States at resolving the nuclear issue in a rational way. We truly hope that such efforts by Washington will not be damaged by its unreasonable demands on the opening of the rice market.

All the people, not to mention the farmers, were very upset upon hearing the news from Geneva on the opening of the rice market. This is because the people saw another face of the United States which was quite different from the tradition of friendly relations with the ROK.

We believe that Washington must understand the ROK people's feelings on this matter. Military security is important for our people, but safeguarding our rice is just as important. We truly hope that feelings between the people of the two countries will no longer be hurt because of the rice issue.

We again urge the United States to show more interest and deeper understanding of our people's feelings at least for the remainder of the negotiations on opening the rice market.

Demonstrations Continue Over Rice Market Issue

Police Arrest Students

SK0712082793 Seoul YONHAP in English 0816 GMT
7 Dec 93

[Text] Seoul, Dec. 7 (YONHAP)—Student demonstrators outside the U.S. Embassy were rounded up in one of the first major clashes with police Tuesday as they protested against rice market opening. Police captured 38 Yonsei University students as they rushed off a bus and dashed toward the embassy gate, and whisked them away.

"Yankee, go home," they yelled as they collided with the riot troopers.

Groups of hundreds of farmers strong unloaded at Seoul Station plaza from noon Tuesday, rapidly growing into crowd numbering tens of thousands in a rally against rice imports. Police estimates put the number of ralliers at over 20,000 on the plaza at 3 P.M.

Some showed up in funeral clothes to symbolize the death of Korean farmers, yelling funeral cries as they entered the plaza, while others crammed the plaza with pickets and placards.

"No American rice on our tables for the ancestors," read the pickets. "Children raised on American rice won't recognize their parents."

Hundreds more collegians clad in funeral clothes made from rice sacks walked up and down the plaza as onlookers gathered.

A bus carrying ralliers from North Cholla Province was stopped at a toll gate and advised to return home, but the driver refused and broke through the police line.

Another group from Kyonggi Province arrived in trucks and marched up to the stage carrying rice sacks on their shoulders.

Four five-ton trucks provided the makeshift stage for demonstrators while giant buses laden with more than 20 loudspeakers attracted ralliers and onlookers.

A truck driver who leased one of the stage trucks said he usually charges 200,000 won for rental but discounted his rate to 12,000 won in a show of sympathy for the farmers.

Kangnam police poured sweat at the news that ralliers were about to rush to the homes of Economic Planning Minister Yi Kyong-sik and Agriculture, Forestry and Fisheries Minister Ho Sin-haeng, the two men blamed for rice market opening.

Dozens of riot policemen were hastily posted outside their apartment buildings to ward off any protestors.

30,000 Protest in Seoul

SK0712095593 Seoul KBS-1 Radio Network in Korean 0905 GMT 7 dec 93

[Text] Amid continued protest rallies and demonstrations by farmers prompted by the rice market opening, a nationwide rally to protest the import of rice and opening of the market for rice and basic agricultural products was held at the Seoul Railway Station plaza this afternoon. About 30,000 farmers, citizens, and students attended the rally.

In a resolution adopted at the rally, the participants stressed that with the opening of the rice market the Korean agriculture now stands at a cliff and cannot find a way to survive. They urged President Kim Yong-sam to clarify the government's position and to conduct a national referendum. At today's rally, the participants burned American agricultural products at the stake and marched in funeral clothes made of rice sacks symbolizing a funeral for Korean rice.

An emergency measures committee was formed by 193 organizations. The committee declared today as the national day to protect our rice, and churches and temples rang bells at the same time at 1400 this afternoon to protest the opening of the rice market.

After the rally, the participants occupied four-lane streets and staged a demonstration by marching toward Tapgol Park through the South Gate and Chonggak, which caused a serious traffic congestion.

Police conducted checks and investigations at major expressways entrances but no farmers were reported to have attempted to come into Seoul with tractors and other agricultural machines.

Demonstrations Becoming 'Fiercer'

SK0712110993 Seoul KBS-1 Radio Network in Korean 1003 GMT 7 Dec 93

[Excerpt] Protest rallies and demonstrations by farmers opposing the opening of the rice market are ongoing across the country and are gradually becoming fiercer. About 30,000 people, including farmers, held a nationwide rally to protest the import of rice and opening of the market for rice at the Seoul Railway Station plaza this afternoon. At this moment, they are staging a large-scale demonstration in downtown Seoul.

At present, about 20,000 demonstrators filled the streets in the Chongno 2 and 3 block areas. Today's demonstrations are the largest in scale since the new government came to office.

The demonstrators, who are staging street demonstrations since 1600 by marching toward the Tapgol Park and Chongno 3 block, after holding a national rally in the Seoul Railway Station plaza, gradually began to get excited. A few minutes ago, some of the demonstrators dashed into the police box in the Chongno 2 block, broke glass windows and destroyed furniture in the police box.

Thus, their demonstrations started to become fiercer. The deputy head of this police box, Sergeant Kim Yong-ho, 45, suffered a head injury.

Police blocked the roads with trash containers and attempted to block the farmers' demonstrations. However, the number of demonstrators is so enormous that the police repression is very difficult.

The police attempted to disperse the demonstrators by firing teargas in the Kwanghwamun area. The demonstrators completely occupied the crossroads in front of the Posingak Pavilion in the Chongno 2 block and clashed with police, shouting the slogan, "We oppose the opening of the rice market with do-or-die spirit!" Some demonstrators attempted to advance in the direction of Anguk-tong but were blocked by the police.

The police are blocking the demonstrations by mobilizing about 15,000 combat policemen, and are attempting to disperse the demonstrations by blocking the roads leading to Kwanghwamun, Anguk-tong, Tapgol Park, and Ulchiro with trash dump trucks. Nevertheless, a great number of demonstrators assembled. They are expected to continue demonstrations until late tonight. [passage omitted]

Rallies End Without 'Major Mishap'

SK0712123593 Seoul KBS-1 Television Network in Korean 1210 GMT 7 Dec 93

[Text] The demonstrations by farmers and students have now ended. The demonstrators are expected to disperse after holding a final rally at the Myongdong Cathedral. About 30,000 people participated in the large-scale demonstrations. However, there was no teargas or throwing of Molotov cocktails [as heard]. It was indeed fortunate that the demonstrations ended without any major mishap.

Public 'Pessimistic' on Defending Rice Market

SK0412065193 Seoul YONHAP in English 0551 GMT 4 Dec 93

[Text] Seoul, Dec. 4 (YONHAP)—A majority of Koreans are pessimistic about successfully defending the nation's rice market from imports, although they say it is desirable to try, according to an opinion poll published Saturday. They believe that opening of the rice market is unavoidable in view of international developments, said the poll conducted by the CHUNGANG ILBO.

For instance, one in two of those polled said the rice market should not be opened under any circumstances. But only one in 10 said the rice market can actually be defended against imports, the poll said. Seven out of 10 believe that the country will suffer a big setback in exports if it does not open the rice market.

The newspaper polled 1,000 men and women of age 20 and older across the country. It did not give the margin of error.

Only 10.3 percent of those polled said they think the country can block foreign efforts to pry open the rice market while 18.1 percent said opening is unavoidable. Some 61.2 percent said that the market cannot be defended against imports but it can be opened under "better conditions."

About 10.4 percent said there would not be big problems even if the market is not open, while 71.8 percent expressed worry that the country's exports would suffer a big setback.

When they were simply asked what they thought about opening the rice market, 50.5 percent said it should not be opened under any circumstances.

Asked what they thought of the government's performance against foreign pressure to open the market, 47.3 percent said it was entirely or partially making wrong moves and 35.8 percent said the government is doing very well or considerably well.

An impressive 71.3 percent said they will continue to eat Korean rice even if imported rice is cheaper, while only 6 percent replied that they will buy foreign rice. About 22.5 percent said they do not know right now.

Asked the future of Korean farms, 51 percent said opening the rice market will deal them a blow from which they will never recover, whereas 40.4 percent said recovery will be possible though a certain setback is unavoidable.

Reactions to Possible Rice Market Opening Noted

SK0612052693 Seoul YONHAP in English 0503 GMT
6 Dec 93

[Text] Seoul, Dec. 6 (YONHAP)—Actions and reactions vary across the board to the inevitability of rice market opening. The government is meeting by the minute to discuss measures, opposition groups and farmers organizations are rising up in massive protests, and the president remains silent. Though the president is silent, the administration is on alert against nationwide demonstrations against rice market opening and is making haste to seek public understanding of the issue.

Presidential Secretary for Economic Affairs Pak Chaeyun admitted Monday that things have reached the point where South Korea cannot but withdraw from its position of keeping its rice sector closed.

"Efforts should be poured instead into getting the most favorable conditions for our farmers on the scope of opening," he said. "This directive was already delivered to the government delegation (in Geneva)."

He defended President Kim Yong-sam's silence on the matter, saying it's not the time to offer comments right now.

"We should really be giving all to the negotiations until the final South Korea-U.S. talks Dec. 12," he said.

Pak was cautious about reports of favorable conditions being earned in exchange for the market opening, such as a 10-year grace period and lower minimum market access.

"Agriculture, Forestry and Fisheries Minister Ho Sinhaeng never said that," Pak noted.

Kim's silence when facing a major political crossroads is the quiet before the storm, his personal waiting period before tackling a problem head on.

His silence on rice market opening is probably the same, says an aide, and a presidential announcement may come on Wednesday, when Kim is scheduled to preside over a meeting to review his economic plans. But presidential press aide Yi Kyong-sik denied the possibility of Kim making a statement before Dec. 12 when Korean and American agricultural ministers are to resume talks.

The opposition Democratic Party [DP] is trying to make an issue of Kim's ethics, recalling his presidential pledge to protect the domestic rice market in the Uruguay Round.

The first round in its attack is the demand that Kim explain and apologize in person. The second round is the demand that the issue be put to a vote and, if the vote is no, he take full responsibility.

DP leader Yi Ki-taek has said that he wants to hear the government's report instead of relying on press reports and urged the prime minister and the economic planning minister to appear before the National Assembly.

To mount pressure on the government, the DP is going ahead with a mass rally planned for Tuesday with farmers and social organizations in front of Seoul railway station. But the strategy is to keep the demonstrations as peaceful as possible to avoid any drastic outburst of emotions.

The tone switched 180 degrees among ruling Democratic Liberal Party (DLP) officials, whose reaction was that the milk has already been spilled and there is no use crying.

Policy Committee Chairman Kim Chong-ho, who staunchly opposed rice market opening, came back saying that the government should speedily find ways to minimize the damage to Korean farmers.

"We need courageous politicians," Secretary-General Hwang Myong-su said, suggesting that it's time to face reality.

At the prime minister's office, the immediate concern was the mass rally planned for Tuesday by the DP.

Prime Minister Hwang In-song worried that the rally will turn violent with dissidents and student activists likely to join the protest, and asked his cabinet in a morning meeting to deal sternly with any illegal activities. The meeting also discussed possibilities that farmers may

resort to burning rice or even suicide, and sought persuasive measures against any drastic actions.

The meeting also sought ways to keep dissidents and students from joining the rally, officials said.

Cost to Farmers of Rice Market Opening Calculated

SK0712064093 Seoul YONHAP in English 0616 GMT 7 Dec 93

[Text] Seoul, Dec. 7 (YONHAP)—Rice market opening will cost Korean farmers 4.98 trillion won (6.23 billion U.S. dollars) in the first five years, the Korea Rural Economic Institute (KREI) said in a report Monday.

The report assumes acceptance of the proposal by Arthur Dunkel, a former secretary-general of the General Agreement on Tariffs and Trade (GATT), that the Korean rice market open in 1995 through minimum market access with tariffication. Rice accounted for 23.5 percent of farm household income in 1992 and 43.8 percent of agricultural revenue. An overwhelming 85 percent of Korea's farm households grow rice.

The price of Korean rice is five to six times the international price, so huge amounts of cheap foreign rice will certainly rush in when the market opens, the KREI report says.

It costs 118 dollars to harvest a ton of rice in Indonesia, 124 dollars in the Philippines, 278 dollars in the United States, and 941 dollars in Korea, or 7.9 times the cost in Indonesia and 3.4 times that in the United States.

The report predicts that rice market opening is the beginning of the collapse of the Korean rural economy.

It will not only destroy agriculture, but the farm tool, fertilizer, agricultural chemicals, storage and distribution industries, the report says.

As bad as that sounds, it predicts that the situation will be even worse if other 14 basic agricultural products are imported as well. In that case, losses will reach 12.7 trillion won (15.87 billion dollars) by 2000.

Beef market opening will cause losses of 2.3 trillion won and garlic market opening will cost them 1.02 trillion won, it says.

Pae Chin-han, an economics professor at Chungnam University, in his own report, predicts that 72 percent of Korea's farm households will accumulate debts as a result of rice imports.

He says 1.37 million people, or 22.7 percent of the rural population, will flee the countryside in search of jobs, pushing the nation's unemployment rate to somewhere between 4.3 percent and 6.8 percent.

North Returns Remains of 31 UN Command Soldiers

SK0712044893 Seoul YONHAP in English 0443 GMT 7 Dec 93

[Text] Panmunjom, South Korea, Dec. 7 (YONHAP)—North Korea handed over the remains of 31 United Nations soldiers killed in the Korean war to the United Nations Command at Panmunjom on Tuesday afternoon.

The U.N. Command will transfer the remains to the U.S. Army central identification laboratory in Hawaii for evaluation and identification.

North Korea has now handed 127 sets of remains over to the U.N. Command—five on May 28, 1990; 11 on June 24, 1991; 15 on May 13, 1992; 15 on May 28, 1992; 17 on July 12, 1993; 33 on Nov. 30, 1993; and 31 on Tuesday.

North, South Urged To Revise Talks Strategy

SK0712054493 Seoul CHOSON ILBO in Korean 7 Dec 93 p 3

[Editorial: "The North's Nuclear Ping Pong Has Reached Its Limit"]

[Text] It was learned that North Korea expressed its position toward the ROK-U.S. policy of a "complete and comprehensive approach" to the North Korean nuclear issue in the 3 December U.S.- North Korean working-level contact. This means the ball is now again on our side of the court.

The "new proposal" that the North presented, however, is not new. The urgent task in resolving the North Korean nuclear issue is to inspect the two unreported facilities [sisol] in Yongbyon, North Korea. The North, however, is insisting on holding discussions on the Team Spirit exercise, on establishing diplomatic relations, and on economic cooperation, while trying to exclude the two facilities from the inspection list. The North's strategy simply remains at its starting point.

What should our side do then? We cannot just play into the North's hands. We need to prepare countermeasures on a firm basis. The hard-liners and conciliators in U.S. government offices are in dispute over the North's nuclear issue. It seems that the hard-liners have the upper hand at present. I think this is the result of North Korea's unreasonable and excessive stubbornness on the "nuclear card." We hope that, based on its experience and lessons from trial and error, the U.S. Government will find practical methods of resolving the North Korean nuclear issue.

The North has effectively utilized the "nuclear card" for one year after announcing that it would withdraw from the Nuclear Nonproliferation Treaty. By using the nuclear card, it successfully attracted international attention to maintain its power stability. Now the North

Korean nuclear card has become ineffective. As shown in the resolution adopted at the last general meeting of the United Nations, the nuclear card brought about North Korea's complete isolation from the international community. North Korea will definitely be driven into a tight corner next year unless it abandons its policy of refusing nuclear inspections. Now it is time for North Korea to come up with new nuclear and external policies. It is important for North Korea to prepare a method not only to break the economic deadlock but also to maintain the stability of power. North Korea has no reason to hesitate in asking for outside help in preparing a method that is not only favorable to itself but useful for maintaining peace.

It is necessary for our side also to prepare a new method of approach. Our strategy for South-North dialogue was seriously hindered by conflicts inside our dialogue team. It is urgent to examine the reason for the conflict and rebuild the strategy and the dialogue team. It seems that the crack [kyunyol] inside our team for South-North dialogue was caused by different views on the facts on North Korea. Our team promoted dialogue while it was undecided on the question of whether North Korea—which confronted us—had really turned into our dialogue partner, and this resulted in the internal crack.

Accordingly, government offices concerned are asked to make joint efforts to grasp facts on North Korea from an objective viewpoint. Only when they prepare for nuclear and other policies toward the North after establishing a coordinated viewpoint through their joint efforts, will they be able to give full play to their leadership and driving force in talks.

Trade Ministry Reports South-North Trade Down

SK0712005893 Seoul THE KOREA HERALD in English 7 Dec 93 p 8

[Text] Trade between South and North Korea in November registered \$11.2 million, down 32.9 percent from a year ago, according to statistics compiled by the Ministry of Trade, Industry and Energy.

The aggregate inter-Korea trade volume from January to November amounted to \$185 million, a 7.1 percent decrease from the same period last year.

The sharp drop in November resulted from a fall in the South's import of gold and zinc ingots from the North. Last month, the South purchased about \$4.9 million worth of gold ingots, down 30.2 percent from about \$8 million last year, and \$762,000 worth of zinc ingots, down 71.3 percent from a year ago.

In addition to the metal imports, the South bought steel, textile and liquor products. The monthly import subtotal stood at \$10.6 million.

Trade in the opposite direction amounted to only \$550,000 last month. Main items sold to the North were

materials for shirts and jumpers produced in the North under contract with clients in the South.

Japanese Exports to DPRK Decline 17 Percent

SK0612123093 Seoul YONHAP in English 1137 GMT 6 Dec 93

[Text] Tokyo, Dec. 6 (YONHAP)—Japan's exports to North Korea declined sharply due mainly to the international tension over the suspected nuclear arms development by North Korea.

Trade statistics prepared by the Japanese Finance Ministry indicated on Monday that Japanese exports to North Korea amounted to 1,492 million yen in last September, a decline of 17 percent from the same month of last year.

This was a sharp plunge in view of the fact that one month earlier in August shipment to North Korea rose 30 percent over a year before.

A source at the Japanese trade circles said exports contracts between Japanese industries and North Korea visibly declined after North Korea test-fired a "Nodong No. 1" missile it developed.

Another major factor behind the declining exports to North Korea was the mounting international tension over North Korea's rejection of international inspection of its nuclear facilities, he said.

Japan's imports from North Korea reached 2,449 million yen in September, down 35 percent from a year before.

Foreign Minister Welcomes ROK-Japan Forum

SK0612030693 Seoul YONHAP in English 0236 GMT 6 Dec 93

[Text] Seoul, Dec. 6 (YONHAP)—The South Korea-Japan forum was formally launched Monday with its first meeting and will start striving to promote personal exchanges to build forward-looking bilateral relations.

Foreign Minister Han Sung-chu gave a welcome address after co-Chairmen Pae Chae-sik of Korea and Hisashi Owada of Japan delivered opening speeches.

The meeting in Kyongju on Nov. 6 between Korean President Kim Yong-sam and Japanese Prime Minister Morihiro Hosokawa has a turning point for the formation of new Korea-Japan relations, Han said.

"It is, therefore, timely and significant for the forum to open the first meeting," he said. Han expressed hope that the forum will fulfill its role as a channel for open and frank dialogue between intellectuals of the two countries as it is needed "now more than at any time."

President Kim received 28 Korean and 27 Japanese members of the forum at Chongwadae [presidential

offices] and asked them to do their best to develop closer relations at the private level.

The forum has scheduled discussions on domestic political developments and diplomatic policies of the two countries, problems related to Korea and Japan within the political and security framework of the Asia-Pacific Region, and bilateral cooperation.

They will hold their discussions behind closed doors in order to let members express their opinions freely. The forum will wind up the two-day session with a press conference on Tuesday [7 December] afternoon.

66% Antidumping Duty Levied on PRC Soda Ash

SK0412095893 Seoul THE KOREA HERALD in English 4 Dec 93 p 8

[Text] The government has decided to levy a 66.11-percent antidumping duty on the imports of Chinese-made soda ash for the next three years. Two major Chinese exporters, however, will be exempt from the punitive duty as they have undertaken to limit their export volume to 55,000 tons in the 1994-1996 period, the Ministry of Finance said yesterday.

The Chinese makers have sharply increased their exports to Korea from 1,226 tons in 1990 to 27,586 tons in 1992 and to 38,536 tons last year, taking up a considerable market share and damaging Dong Yang Chemical Co., the sole domestic supplier which filed the complaint.

If found to have exceeded their committed shipment amounts, Sinochem Hebei Import and Export Corp. and China National Chemical Construction Corp. will have to pay provisional anti-dumping duties of 64.78 percent and 66.11 percent, respectively, the officials said. Basic tariff rate of the soda ash used for making glass is 9 percent.

The government will also slap anti-dumping duties ranging between 24.51 percent and 38.16 percent on six Japanese makers of pre-sensitized (PS) printing plates for the next five years.

One of them, Fuji Photo Film, accounts for more than 90 percent of all Japanese printing plate exports to Korea.

Deputy Premier Wants More Foreign Investment

SK0512065493 Seoul YONHAP in English 0553 GMT 5 Dec 93

[Text] Seoul, Dec. 5 (YONHAP)—Deputy Prime Minister and Economic Planning Minister Yi Kyong-sik, saying Korea is a good market for foreign investment in view of its growth potential, market size and efforts to improve business environment, has called on foreign businessmen to increase their investment in the country.

Korea is situated in the center of a dynamically growing Northeast Asia the Korean economy itself fully deserves the attention of foreign entrepreneurs for its growth potential and market size, he said in a congratulatory

address to the opening session of a policy conference of foreign businessmen sponsored by the British ECONOMIST magazine in the Silla Hotel on Sunday afternoon.

When the new five-year plan is carried out as planned, the economy's growth potential will further increase and the business environment for foreign investors will greatly improve, he stressed.

Attending the conference which will be held in eight divisions until Tuesday are some 100 foreign business people, including those from such multinational conglomerates as American Telephone & Telegraph and Motorola.

Keynote speakers in the conference include Trade, Industry and Energy Minister Kim Chol-su, Labor Minister Yi In-che and Fair Trade Commission Chairman Han I-hun.

Ruling, Opposition Parties Compromise on Bills

SK0712071093 Seoul YONHAP in English 0658 GMT 7 Dec 93

[Text] Seoul, Dec. 7 (YONHAP)—A compromise between the ruling and opposition camps on major bills returned the National Assembly to action after nearly a week of idleness Tuesday. Floor leaders agreed to increase the state purchase price of rice 5 percent and buy 10 million sok instead of the 9.6 million sok insisted by the ruling party. (one sok is 144 kilograms.) The additional money for the extra purchases will be discussed by the two camps and reflected in the new budget.

They also agreed on limiting the scope of investigations by the Agency for National Security Planning (NSP) to exclude people charged with making pro-Pyongyang comments after next year.

The intelligence agency's activities will be restricted to espionage, subversion attempts, anti-state organizations, violation of the military secrets protection law and leakage of classified military information.

A committee will be established at the National Assembly and it will have the right to inspect the NSP's budget and activities, and NSP inspections of government offices will be narrowed to central ministries.

The agreement was struck as the ruling-opposition rift was widening over rice market opening. Bad emotions were reaching a new peak Tuesday, when the opposition Democratic Party joined the biggest farmer-student rally yet in a challenge to the Kim Yong-sam administration.

The two camps agreed to form a special group on UR [Uruguay Round] negotiations to handle the rice issue.

Assets of Transport Minister, Others Disclosed

SK0712064193 Seoul YONHAP in English 0524 GMT
7 Dec 93

[Text] Seoul, Dec. 7 (YONHAP)—The administration civil service ethics committee disclosed on Tuesday that the personal assets of Transportation Minister Chong Chae-sok total 411 million won, including 20 million won belonging to his wife.

The personal property of Maritime and Port Administrator Kim Chol-yong, who took office in October together with Chong, was put at 434 million won, including 10 million won of his wife's.

The committee disclosed the assets of 18 other officials promoted to grade one or above or the equivalent since August, when grade one and above officials registered their personal assets for disclosure. The disclosures were based on examinations of what they registered.

Of these officials, two registered assets of more than 1 billion won—Hong Se-ki, chairman of the Korea Electric Safety Corp., 1,914 million won; and Sin Hyon-ho, auditor of Korea Telecom, 1,132 million won.

Of the four new lieutenant generals and one new grade one civilian in the military, four registered assets of 400 million won and one of 100 million won.

158-km Fiber Optic Cable Laid in Seabed

SK0412101293 Seoul THE KOREA HERALD in
English 4 Dec 93 p 3

[By Staff Reporter Choe Sang-hun]

[Text] The telecommunications industry's greatest promise is that it will soon build an electronic superhighway—the futuristic information pipeline into the home that can deliver all kinds of movies, video games and other information at the consumer's whim. But the industry first had to figure out how to send these vast libraries of data as quickly as possible to make the multimedia future possible.

Korea Telecom has been making determined, if slow-moving, progress toward the superhighway by developing technology known as optical-fiber digital transmission. The idea is to crisscross the nation with fiber-optic cables—those magnificent tiny strands of pure sand that can send vast amounts of digitized data at a tremendous speed.

The company, the nation's public telecom operator, made another significant step toward "wiring the whole nation" yesterday when it opened at 158-km seabed fiber-optic cable that will make telephone calls easier and make data and video transmission possible between the peninsula and Ullung-to, a far-flung island off the eastern coast.

The 14.6 billion-won project was completed after six months of construction work undertaken by Goldstar

and Japan's NEC. The network will have a capacity of 2,016 telephone lines. It can carry 140 million bits of information per second (compared with 65,000 bits for regular phones), enough to handle voice, digitized video signals and electronic mail at the same time.

"Today, we see advancement toward our goal of laying a nationwide ISDN (integrated services digital network)," said Cho Paek-che, president of Korea Telecom, at a ceremony held at the cable's peninsula-side landing point in Samchok.

The fiber-optic cable—the new telecommunications infrastructure—has been compared to the building of a highway or railroad network, except that it is mostly invisible.

"The fiber-optic cables will become the vital arteries of the coming information society. Without them, things will pretty soon grind to a halt," said Kim Kil-yong, a director at Korea Telecom's cable division.

Previously audio, video, data and the human voice required their own separate network. In the multimedia future, all these forms of information—in other words, all sorts of data that can be translated into a digital signal of ones and zeros—can be handled over an ISDN line simultaneously.

The ambitious plan of telecom operators like Korea Telecom is to provide interactive "video-on-demand" channels. They would store movies, television shows and all kinds of information and then distribute them over a nation-wide long-distance network or through connections to cable TV companies to homes. Consumers will be able to order up programming with the touch of a remote-control button in the living room.

The electronic superhighway is the biggest piece (with a 44.7 trillion-won price tag) of the nation's ambitious "G-7 Project," a name reflecting the nation's aim of catching up with the Group of Seven industrialized nations (the United States, Japan, Canada, France, Germany, United Kingdom and Italy) in certain key technologies by 2001.

Though currently most of the activity remains unseen, Korea Telecom has already replaced most of its nationwide trunk lines with fiber optics. In the past few years, the company has laid a total of 560 km of fiber-optic cables to link 25 main islands scattered around the nation's rugged coasts. A 172-km line stretches between Cheju Island and the peninsula. Previously communications between these islands were offered through radio telephone which is subject to climatic interference.

Fiber optics won't come overnight because of the high costs involved. But the nation's ultimate goal is to lay "fiber to every home."

Behind this new and far-reaching revolution in telecommunications are digital technology and fiber optics—the two technological forces that go hand-in-hand to advance the multimedia future.

Unlike the old analog devices that are slow and have a low capacity, the digital systems can transmit information at enormous speed over conventional wires and in vast quantities using fiber-optic cables. Digital techniques also mean that telecommunications use the same language as the computers—the binary code—making possible their convergence.

A remarkable innovation, optical fibers are tiny strands of pure glass no wider than a human hair that can carry thousands of telephone conversations or other digitized data in the form of extremely fast streams of light pulses.

First Trade Surplus in Five Years Predicted

SK0612070193 Seoul YONHAP in English 0630 GMT
6 Dec 93

[Text] Seoul, Dec. 6 (YONHAP)—South Korea will end a four-year run of trade deficits next year with a surplus of 500 million U.S. dollars, the Korea Foreign Trade Association (KFTA) forecasts in a report issued Monday. Exports will increase 8.4 percent to 90 billion dollars backed by a business recovery in advanced countries and imports will rise 6.5 percent to 89.5 billion dollars, it says.

Exports of heavy industrial products to developing countries will continue to grow, and those of light industry goods will increase as the economies of advanced nations are expected to recover. The increase of exports to the United States is estimated at 2.5 percentage points above this year's rate at 6.4 percent.

In contrast, the increase in exports to China will fall from this year's 95.9 percent to 40.4 percent due to a retrenchment policy in China while exports to Japan will rise 4.3 percent, up from this year's 0.9 percent.

The increase of imports from Japan will soar to 7 percent from 3.3 percent this year as Korean investment in machinery and other facilities is expected to grow, recording a 9.3 billion-dollar trade deficit with Japan, up 900 million dollars from this year.

The report says 1993 exports will reach 83 billion dollars, up 8.3 percent from last year, and imports will grow 2.7 percent from last year to 84 billion dollars.

Number of Visitors Smaller Than Forecast

SK0712014693 Seoul YONHAP in English 0057 GMT
7 Dec 93

[Text] Seoul, Dec. 6 (YONHAP)—The travel deficit, defying forecasts of a bonanza from the Taejon Expo, will be eight times the predicted amount this year at 500 million U.S. dollars, the Transportation Ministry said on Monday.

The Ministry had predicted 3.9 million visitors and travel revenue of 3.9 billion dollars this year because large numbers of people would visit the Taejon Expo, but

there were only 2.74 million visitors in January-October and travel revenue stopped at 2.88 billion dollars.

If October's all-time record of 378,700 arrivals is equalled in November and December, the total will be 3.5 million, but that is still 400,000 short of the goal.

October travel revenue was 326 million dollars, the best this year, and two repeated months would put the total at 3.5 billion dollars, or 400 million dollars under target.

The Ministry predicted that 2.2 million Koreans will travel overseas this year and spend 3.96 billion dollars.

In January-October, 1.98 million went overseas and spent 3.33 billion dollars. In the next two months, a peak tour season, both figures are expected to rise sharply.

The totals for 1993 are forecast as 2.4 million people and 4 billion dollars, Ministry officials said.

This puts the travel deficit at 500 million dollars, or eight times the forecast of 60 million dollars.

* Japan's True Intentions in Apologies Viewed

942C0017A Seoul MAL in Korean Oct 93 pp 98-103

[By reporter Pak Tae-gyon]

[Text] In Korea, a civilian government has been born after thirty-some years; in Japan, a reformist coalition government was formed after 38 years. Using this as an opportunity, the new governments of both countries are beginning to take great strides toward settling Korea and Japan's past, a past which was unfortunate for everyone. These efforts by the new governments of both countries will become an important watershed directed toward a future-oriented development of their relationship.

"The Korean government's decision on a plan to reduce the number of import-banned items by half within five years and to raise the protection of intellectual property rights to Western standards is an enormous transformation of its policy toward Japan. This comes from President Kim Yong-sam's idea. The axis of Korean foreign policy is its relationship with the United States and Japan. In short, this means that Korean-Japanese economic issues will be solved in keeping with economic logic; it signifies a reorganization along economic lines. This change in policy extends beyond the economic sector to culture. For example, concerning Japanese movies and songs, an environment is maturing allowing a more active reconsideration of policy. A pending issue between the two countries, a visit to Korea by the Japanese emperor and empress is extremely desirable and has both symbolic and historical significance. A concrete date for this will be set amid an environment and atmosphere sufficient to convey its historical significance. Prime Minister Hosokawa's thinking on settling issues from the war is a real plus for this." (Kong No-myong, Korean ambassador to Japan, in an interview with *Tokyo Shimbun* appearing in the 4 September issue)

With the change of governments in both Korea and Japan this year, we are seeing obvious signs here and there of a very important change in the established foreign policy of both countries. The statements by Democratic Liberal Party [DLP] lawmaker Kim Yun-hwan and ambassador to Japan Kong No-myong are part of the evidence overwhelmingly demonstrating how quickly the two countries' relationship has begun to change. The past Korean-Japanese relationship is being redefined as "an era unfortunate for all of us." We are also seeing the advent of a dichotomous approach based on the separation of politics and economics: "The past is the past; economics are economics." It seems that before long, if this trend continues, we will witness the incredible scene of Emperor and Empress Akihito treading on Korean ground amid Japanese-made cars weaving their way through Seoul streets, the open playing of Japanese cartoons, movies and songs, and the fluttering of the Korean and Japanese flags. This is a picture undreamed of during the last few years, during which a cold wind blew through the two nations' relationship due to the issues of inquiry into the truth of and compensation for the sufferings of the comfort women.

Why are things changing so quickly? What has changed, and what in the world is the essence of this change that would cause fluctuations in the perceptions of both Korea and Japan?

Korean government, political and media figures look for the cause in "Japanese change." It is due to the appearance of Prime Minister Morihiro Hosokawa that Japan has changed substantially, they explain. Lately, only just a little more than a month since the collapse of the system of one-party by the Liberal Democratic Party [LDP], which reigned for the last 38 years, the Japanese leadership has been announcing a foreign-policy line toward the Korean Peninsula clearly distinct from that of the past, thus capturing our attention to an unusual degree.

First of all, around the time he took office, Prime Minister Hosokawa after characterizing on several occasions, "The Second World War was an act of aggression and a wrong war," he said, "I want to express my sincere regret and apologize to those who suffered because of those acts of aggression." The second man in the new cabinet, Foreign Minister and Deputy Prime Minister Tsutomu Hata said, "We must use the expression apology, not regret, concerning the problems of the past." Former Socialist Party chairman Takako Doi advocated and won the adoption of a parliament-level expression of regret for the past on the condition he would accept the Lower-House chairmanship in the new coalition. Under a joint name, over 30 women lawmakers demanded reparations for former comfort women. Also, Socialist Party Chairman Sado Yamahana visited Korea and repeatedly apologized for Japan's past aggression. He even went to the Independence Memorial Museum, bowing his head to pay his respects for the Korean victims. Representative of those who argue for the extreme rightist camp, Katsumi Sato said angrily,

"In our country's political world, ruling and opposition parties are jointly trying to hold a great bargain sale of apologies and remuneration." This is the extent to which the new Japanese government, without any distinction between ruling and opposition parties, is speaking with one voice, all trying to be the first to apologize and express regret for the past.

In various ways, this change in Japan is bewildering to us. The attitude Japan showed in the past, during the rule of the Liberal Democratic Party, was completely one of expediency and deception. They were only intent on concealing the atrocities committed by the colonial Japanese government through destruction of evidence and sophistry. Even if cornered so that they had no choice but to apologize, they were consistent in playing with words such as "thoughts of deep regret." If a pro-Korean faction could be said to have existed within Japan, their "pro-Korean" relationship was only with the Korean military authorities; they were extreme right-wing figures only intent on extracting an economic profit from the Korean Peninsula. But then, we are suddenly buried in a flood of expressions of remorse and apology; it is only natural that most of our people feel bewildered. "Is Japan truly remorseful of its past and trying to use the opportunity of a change in government to be reborn? Are we narrow-minded for continuing to bring up the past and demand reparations?" Generally, these are the questions our people are asking themselves.

Making this more confusing for us whose heads are already swimming is the 180-degree change in the approach to Japan of high levels of the Korean government. As can be read in the statements of Representative Kim and Ambassador Kong mentioned above, the new government is actively setting out to reform Korean-Japanese relations. Omens of this started to appear immediately after President Kim Yong-sam took office. It began when the president announced his attitude on the comfort women issue, the greatest long-standing problem between the two countries. After stating, "We will only demand a clear investigation into the truth of the matter; we will not demand material compensation," he revealed a changed position. "In the future, we will make the United States and Japan the core of our diplomacy." This was long before the birth of the new Hosokawa government and expressions of regret and apology in Japan.

After this expression of President Kim's position, Economic Planning Board [EPB] Minister Yi Kyong-sik and other economic cabinet ministers quickly made approaches to Japan. They announced that Korea would guarantee Western standards for intellectual property rights and that, within the next five years, it would lift the import ban on half of all Japanese products now under it. Both measures have long been demanded by Japan. In response to this, to protect the Japanese shipbuilding industry from rapidly losing its competitiveness due to a murderously high yen, the Japanese have not hesitated to make inordinate requests, such as

asking the Korean government to cease its civilian-industry equipment investments for this sector. Recently, the Ministry of Foreign Affairs put on the brakes concerning this in a joint meeting with economic ministries, "Just giving without gaining anything is an erroneous diplomatic posture." This method of approach, however, shows no sign whatsoever of changing. Continuing for a considerable period in the future, it appears that this change in domestic and foreign circumstances will cause the honeymoon mood between the Korean and Japanese governments to continue. Prospects are that this mood will reach its peak for the summit meeting between President Kim Yong-sam and Prime Minister Hosokawa scheduled for November.

Most specialists conversant with Japan's internal situation, however, urge the government to be more cautious in its approach to Japan. They point out that the Japanese leadership's "Issues of the Past Grand Bargain Sale" now in progress is mostly a political artifice, just as were those of the past secession of LDP governments, and that it is a diplomatic act whose advantages and disadvantages were carefully planned out ahead of time. In short, there were problems with the wholehearted emotional approach of the past, but that in no way means the recent "whole-hearted devotion to real-gain" approach is desirable.

Actually, looking at the recent series of criticisms within Japan surrounding the issue of the past Korean-Japanese relationship, it can be seen that this warning is in no way excessive. Here is one example of this. "The Second World War was a wrong war of aggression," stated Prime Minister Hosokawa on 10 August in his first press conference since taking office. He then revealed in a roundabout way his thoughts to create a trillion-yen fund, provisionally called the Asia-Pacific Fund, for compensating the victims of past Japanese aggression, such as the comfort women. However, Hosokawa's plan brought on an immediate storm of opposition from the whole nation and from the media.

Vigilantly waiting for a Hosokawa mistake after falling from power, the LDP leadership immediately began to strongly oppose him. Even foreign minister Hata, who had been asserting, "We must use the expression apology, not regret, concerning the problems of the past," and Hosokawa's chief cabinet secretary Minister Takemura said that "War of Aggression" was an excessively self-degrading expression and that additional reparations requiring enormous expenditures were out of the question.

The media was no exception to this. They put forward the sophistry that regret for the past was a "problem of the heart," not a "material problem." They strongly denounced Hosokawa's direct regret-for-the-past and additional-compensation movement. An editorial in the 25 August issue of *Nikkei Shimbun* is an example of this.

"Hosokawa's speech expressing his convictions is epoch-making when seen in that sense. Regret is only a problem

of the heart, responsibility for the war and reparations are different issues altogether. The issue of reparations has basically been solved. It would be impossible to get the taxpayers' and public's consent for additional reparations. The issue only incites nationalism within the country. The reparation issue between governments has already been solved for all but North Korea and Taiwan. Compensation has been made to Myanmar, Thailand, and the Philippines based on reparation agreements concluded with them. For countries which gave up their claim for reparations, China, Laos, and Cambodia, reparations were in fact made in the form of economic cooperation. In our relationship with Korea, concerning the 1965 claim, the reparation issue was solved with an economic cooperation agreement. For problems expressed afterwards, such as the comfort-women issue, it is said that they will be dealt with as humanitarian issues. Recently, many demands are coming to the surface, including demands for compensation of military pay certificates issued in Hong Kong by the Japanese military during the war. However, it would be advisable to think of settling these problems and regret for the war as separate issues. This is because, as a problem of the heart and of education, regret for the war is not something that can be settled with money."

A typical Japanese right-wing periodical, *Sankei Shimbun* went one step further. Apart from its extreme rightist-toned editorials, it published a full discussion of the ideas of extreme rightists, borrowing the form of a request. A typical extreme rightist who for the last several years has led the way in the creation of an anti-Korean line through all kinds of sophistry and historical distortions, Modern Korea Research Center Director Katsumi Kato wrote an article in the 11 August issue, by far the best among the various articles of this type.

"A very dangerous disease is now going around our country's political sector called the "apology disease." From the statement of apology by Kanemaru of the 1990s when he visited North Korea and the apology of former Prime Minister Kiichi Miyazawa when he visited South Korea to the recent statements of Foreign Minister Tsutomu Hata and hidden coalition strongman Ichiro Ozawa, our politicians are excessively apologizing. Our country's political sector, ruling party, and opposition are trying to make a great bargain sale of apologies and reparations for the war and colonial rule.

At present, however, there is only one country with which we have not made a settlement concerning our country's colonial rule, North Korea. As for war settlements with other countries, it is common knowledge that all were made based on treaties and agreements. Whatever the subjective purposes of the politicians and political parties saying, "We regret it," "We apologize for it" and "We'll compensate you for it," they in fact deny the treaties and agreements by which our country settled the past war and colonial rule.

In Japan, if one only apologizes, all the wrongs of the past flow away like water. Taking it just one step further, however, in Japan compensation always follows apology. This is internationally recognized as common sense. In particular, in Korean and North Korean culture, the one giving the apology is subordinate to the one receiving it. In short, a vertical relationship is fixed when one apologizes. The destiny of the nation must not go wrong because of ideas about conscience valid only in Japan.

As the criticism and dissatisfaction pouring in from all directions grew more intense, Hosokawa quietly began to back off. That is, he first expressed it as a "war of aggression," and Second World War was corrected to an "act of aggression." The issue of the Asia-Pacific Compensation Fund was dropped as one might expect. In particular, completely accepting the arguments of the right-wing camp, Hosokawa even formally proclaimed to parliament that remuneration for the invasion and colonial rule of the past had already been completely concluded. The "apology," "regret" and "remuneration" for the past ended in mere words.

As can be read through this series of crises, Japan is clearly "changing," however, one gets the feeling this is just a superficial change of clothing. The seriousness of the problem, however, is that the dagger hidden within its clothes is much too sharp to lightly write-off as "cunning word games" the recent change shown to us en masse by the Japanese leadership.

As is widely known, the two great power axes of the new Japanese coalition which replaced the 38-year autocracy of the LDP are Prime Minister Hosokawa and Japan Renewal Party President Ichiro Ozawa. They are confronting each other on every issue for the future hegemony of the Parliament. Centered around the new political forces of the New Japan Party, Hosokawa is agonizing, trying to expand his influence to the maximum. Centered around the Japan Renewal Party and right-wing members of the Socialist Party, Ozawa formed the party and is working to seize power in the next election. If the revised election-law bill passes in parliament, then the probability is very high that, in preparation for the general election early next year, the two will go their separate ways sometime around the end of this year.

However, this is surprising because, although these two men ceaselessly compete and restrain each other, in the political objective to "make Japan a great political power" they are as similar as identical twins. As part of an election campaign, during the first half of this year, each published a book containing his own political line, drawing much interest both in and out of Japan. These were Hosokawa's *The New Japan Party, Responsible Reform* and Ozawa's *Plan to Rebuild Japan*. The former can be called the party-platform of the New Japan Party; the latter can be called the party-platform of the Japan Renewal Party. Of these, *Plan to Rebuild Japan* in particular, although officially published in Ozawa's name, is reported in actuality, to have been written

jointly by brains, the so-called "Ozawa Division," widely placed in the bureaucracy as the Foreign Ministry and the Defense Agency. When it is considered that the new Japanese government's Foreign Ministry and Defense Agency, the ministerial positions of its main diplomatic, economic, and military ministries are all controlled by lawmakers of Ozawa's Japan Renewal Party, it is certain that the diplomatic and military lines contained in this book are none other than the ultimate direction in which Japan is heading.

In these books, instead of the expression, "making a great political and military power of Japan," Hosokawa uses "The Third Founding of Japan" and Ozawa uses "Transformation from a One-Lung Country (a foolish country with only one lung) to a Normal Country." With the intensification of worldwide anxiety because of the big hole left in the world power system due to the end of the Cold War and the rapid decline of the United States and Russia, they destroy the "Single-Nation Pacifism," which says that Japan can easily make it alone, asserting that this great economic power, second only to the United States, must actively contribute to the world by a "Third Founding" or a "Rebirth as a Normal Country." Comparing present Japan to a "corpulent dinosaur with a small brain," Ozawa asserts that, by widening its field of vision to the whole world, Japan must be transformed into a "dinosaur with a large brain."

To make Japan a great political and military power, they say they must build as soon as possible a "1995 System" to replace the 1955 System. This means that they must complete a new power system, by 1995 at the latest, to replace the long-term system of rule by the LDP created in 1955. Their thoughts are that, domestically, by adopting a conservative dual-party system which has more systemic stability in place of the conservative-liberal composition centered on the LDP which has lost public trust and utility; and internationally, by opening the way for foreign deployment and use of force by Defense Forces troops, they must make Japan into a great political and military power.

In many ways, international conditions are maturing which will make 1995, the 50th anniversary of Japan's defeat in World War II, the first year of an era of Japan as a great political and military power. First to be considered is the possibility of a large-scale reorganization of the United Nations [UN]. At present, even having difficulties paying its employee's salaries, the UN is faced with an absolute financial crisis due to delinquency in paying operating expenses by the United States and other donors. In response to this, the place the UN naturally holds out its hands to is none other than Japan. UN Secretary-General Boutros Boutros-Ghali has already on several occasions demanded that Japan, now bearing 11 percent of total UN expenses, raise its share to that of the level of the United States (25 percent). Willing to accept the secretary-general's demands, Japan demanded, however, that in return, it be admitted to the UN Security Council by 1995. The secretary-general accepted this eagerly and is now working hard for the

admittance of Japan to the Security Council. Recently setting out on large-scale military reductions due to severe economic difficulties, the Clinton administration also began to show a positive reaction to this.

After analyzing in detail the state of affairs at the UN, Ozawa in his book goes so far as to argue that Japan must not be satisfied with mere admittance to the Security Council, but must completely revise the UN Charter, which characterizes Japan as an enemy nation, and see through the creation of a UN standing army for the early solution of regional conflicts. As a proposal for solving international conflicts recently submitted by UN Secretary-General Ghali, a UN standing army's purpose would be to overcome the limitations of the existing Peace-Keeping Forces (PKF), their activity stuck at a passive level of aiding the peaceful establishment of governments in areas where conflicts have ended. Units of the UN standing army would be organized in each of the major advanced nations. They would immediately intervene in areas of conflict worldwide following a resolution to do so by the UN. The conception is that they must control conflicts early on through force. Judging the UN-standing-army idea to be an excellent plan through which Japan can become a great political and military power on the international stage in the short term, Ozawa argues that it must actively support Secretary-General Ghali's proposal even if it means additional military expenditures and that to do this, a UN-standing-army organization must be set up within Japan separate from the Self-Defense Force. In his book, Prime Minister Hosokawa too makes the same arguments without deviating even slightly from Ozawa.

Besides this, concerning the revision of the Peace Constitution, a wall that will have to be crossed to realize the overseas deployment and use of force by the Japanese military, these two speak with one voice. They each use a different expression—Hosokawa, "protective amendment of the constitution," Ozawa, "interpretive amendment," but the two men, both of whom voted for the Cambodian deployment of Self-Defense Force personnel last year, keenly feel the need to reform the constitution. Ozawa argues that in particular the "received defense strategy" based on the current Peace Constitution which states, "The Self-Defense Forces may only use military force for the defense of the Japanese archipelago," is a mistake following from a narrow, "single-nation-pacifism" interpretation of the pacifist ideology of the constitution. Instead of a "received defense strategy," he insists, in the future, under the auspices of the UN, the Self-Defense Force must choose an active "peace-creation strategy" that would make a "human contribution" and not avoid the use of force for the sake of law and order and Japan's national interests on the world stage.

They are putting significance on 1995 more than others because it is the year the Nuclear Nonproliferation Treaty (NPT) expires; the treaty is the only thing blocking Japan's admission to the world's "Nuclear Club." As an example of this, the United States and

other members of the Nuclear Club possessing nuclear weapons argued for an indefinite extension of the treaty, but Japan strongly opposed this at the G-7 summit meeting in Tokyo last July, blocking a European and American attempt to put an indefinite extension of the NPT into the summit agreement. Conscious of recent European and American misgivings, Prime Minister Hosokawa announced his position of support for an NPT extension. However, making astronomical expenditures to increase the pace of high-speed breeder reactor research and diligently buying up plutonium, it is unknown whether Japan will easily be able to cast off the temptation to become a nuclear power.

They also have the ambition to revise the Japan-US Mutual Security Assistance Agreement [MSA], which has prevented Japan from becoming a great military power, in 1995. National Land Agency Minister Uehara's sudden assertion in parliament last August of the need to revise the MSA, the fact that recently Okinawan residents are spending a good deal of money in the Western media for large-scale publicity of their demand for the withdrawal of US bases, and the Japanese government's instigating the reduction of US troops stationed in Japan by flatly refusing to accept US demands for additional burden sharing for those troops do not appear to be unrelated to this context.

The above is the substance of the "1995 System" eagerly desired by the new political powers in Japan. This gives us a glance at the real reasons for Japan's sudden bargain sale of apologies and regrets for surrounding countries.

"Of the utmost importance in the Asian-Pacific region, China and the Korean Peninsula are in many ways restraining Japan's peace-creation strategy. Even while hoping for cooperation from Japan to develop its economy, China is extremely wary of Japan's strengthening of its political and military role in the Asian-Pacific region. In order to restrain Japan, it does not hesitate to make unreasonable criticisms. Its denunciation of Japan's collaboration in PKF activities as a plot to revive Japanese militarism is typical of this. On the Korean Peninsula too, resentment against the past Japanese colonial rule is still strong, hindering the establishment of normal South Korean-Japanese and North Korean-Japanese relations.

There is no mistaking, however, that the Asian-Pacific region is the area most central to Japanese diplomacy. To clear up this region's distrust and wariness of Japan, we must change the former mode of the regions diplomacy. To do this, first, unsolved problems left by past aggression must be settled; second, we must stress the fact that just as Yoichi Houkouzawa supported Kim Ok-gyun's Choson Reform, so in the past there have been movements to live together with others in this region and that, as a great economic power, Japan has played the role of tow-truck for regional economic development since the war.

What Japan needs for its political and military role is a partner. The greatest partner of Japanese diplomacy is still unchangingly the world's greatest military power, the United States. We must also be intimate in our relationships with ASEAN (Association of Southeast Asian Nations) and each of the nations of Oceania. It will be difficult for China and the Korean Peninsula to become a partner, however. This is because China is still a developing nation and its political system is different and because the Korean Peninsula includes North Korea, even more different than China, and is in an unstable transition period going from division to unification."

This is the inner mind of Ozawa which he revealed in a relatively honest way toward the end of his book. How should we accept the recent Japanese apology and expressions of regret? All we have to do is read these words and the answer becomes obvious.

*** New Effort at N-S Reconciliation Urged**

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[By Ri Yong-hui]

[Text] Tamed by a half century of irrational cold-war ideology and fanatical, Korean-style anti-Communism, the most notable characteristic of the Koreans' form of consciousness is their "one-eyed" view of things. They examine and judge all the various problems of the international community solely from the perspective of anti-Communism. They view individual things, forms and relationships out of perspective, from a flat, self-centered and sectional angle, and draw hasty conclusions about them.

To make at least minimally balanced observations and for understanding, one needs the grasp of distance and angle provided by a two-eyed perspective. Moreover, for grasping the many intertwined interests of many nations, to put it another way, to understand changing international problems made up of a composite of elements, even a "two-eyed" perspective is not enough. One must be able to take an integrated, overall look at their causes, which change moment-by-moment with the many elements making up these problems, with balance and without making self-interest the center of one's observations. This requires the perceptual ability of "compound eyes."

To put it another way, for the "intellectual" of today's democratic society, "two-eyed" capacity to view things from the "other guy's" perspective as well as "mine" is the "minimal," basic, qualifying condition for the various decision processes faced in international life. Not stopping at this level, for the "intellectuals" of a democratic society approaching the 21st century, "compound-eyed" perceptual ability is the minimum prerequisite.

Most clearly showing South Korean intellectuals' want of this perceptual ability are the problems between North and South Korea [SK]. Of these, the debate over the

nuclear issue shows this even more. The subject of our interest for some time now, the "North Korean Nuclear Issue" and the various problems surrounding it are, in fact, the problems of the South as much as they are the problems of the North. Again, they are the problems of the United States [U.S.] and each nation of the world as much as they are the problems of SK. To speak of the causes of the so-called "North Korean Nuclear Issue," neither North Korea [NK] nor SK nor the U.S. can avoid being one-third of the cause and bearing one-third of the responsibility. In addition, the United Nations [UN] and many countries of the world are all connected in this "cause-results-responsibility" picture.

To understand this multifaceted, composite picture, one must start with a historical examination of the background of the problem. In a perspective picture of the problem presently called the "North Korean Nuclear Issue," the change of circumstances forming the "far point" is the so-called "Nixon Doctrine."

In 1973, the U.S. withdrew after, in actuality, being defeated in the Indochina (Vietnam) War. Previously, in 1970, President Nixon proclaimed the so-called "Vietnamization of the Vietnam War," which would dump the war on the Vietnamese. Later called the "Nixon Doctrine," this was a very important policy and strategic turning point. Now, in the event military conflicts should break out in the future, American allies on the Asian continent could not expect direct participation in the war by U.S. troops as they had done in the Korean and Vietnam Wars. The U.S. would only play an indirect and supportive role from the rear. Direct military responsibility was left with the allied nation concerned.

The decision to adopt this strategy was based on the American public's strong demand and earnest desire that no young Americans shed their blood in wars on the Asian continent. The "Nixon Doctrine" also applied to SK, which feared a repetition of the Vietnam debacle. In 1971, the Nixon administration withdrew the American 7th Infantry Division from SK. Responsibility for preparing against all possible military situations with NK was left to SK (the government). Korea was now faced with political change forcing it to search for a means of surviving alone. It could no longer depend or rely on the US.

It is in these circumstances that the second historical change appears to our compound-eyed perspective. This is the "Autonomous National Defense" of President Park Chung-hee. To transform the military-unification line of the then militarily superior NK, President Park accepted the principles of the North's unification slogans, "autonomous, peaceful, ideology-transcending, foreign-influence-eliminating, great national solidarity." This was the "4 July North-South Joint Declaration" for peaceful unification given on 4 July 1972. This was an expedient, self-defense measure adopted out of a sense of urgency in the wake of the "Nixon Doctrine." As is clear from the motives for and objectives of this declaration, there was no reason its spirit would long endure. Having

checked the North with this declaration, the Park regime made a third decision. This was the declaration of the "Yusin Revitalizing Reforms System" (Yusin Constitution) for making the division of the peninsula permanent and to establish Park's lifelong dictatorship. A policy of heavy industrialization followed.

In four areas, military buildup (military), permanent division (North-South relations), lifelong rule (politics), weapons production and industrialization (economics), Park began strengthening a system of confrontation with the North.

At the core of the military buildup (Autonomous National Defense) was a plan to independently produce nuclear weapons. Beginning in 1972, the Korean government held negotiations with France on the purchase of uranium-reprocessing facilities. In 1975, the purchasing contract was entering into the signing stage when the U.S. put direct pressure on President Park Chung-hee, causing the contract to be canceled. Later, the Korean government pursued a similar contract with Canada. The U.S. pressured Canada and the Park regime, nullifying this too.

Secretary of State Kissinger notified President Park, "If you stick to this nuclear-weapons production plan, the U.S. will void its security guarantee toward SK."

Even after this, President Park did not give up his plan for independent nuclear-weapons production. Ultimately, he again clashed with the U.S. government, the Carter administration, over this issue. This was because in 1978, President Park showed his intentions. "If the U.S. withdraws its nuclear weapons stationed in SK or hesitates to give us its nuclear protection, SK will reject the "Nuclear Non-Proliferation Treaty [NPT]," and its treaty obligations agreeing to inspection by the International Atomic Energy Agency (IAEA)."

Our government did not stop at this. In 1984 the Chon Tu-hwan regime again tried to obtain from Canada reprocessing facilities for the production of mixed plutonium/uranium fuel. A joint Canadian-Korean research plan began in 1982. In early 1984, it was in its second stage. This too was halted by U.S. pressure.

Because of this U.S. opposition against "nuclear-weapons production" itself, our nation's concrete, independent nuclear armament has been discontinued. As a result of a long pursuit of a plan for independent nuclear power, SK's nuclear potential is such that, if the decision were made, it could quickly produce nuclear weapons within nine months. It has the economic and technical capacity for this and is fully prepared. This potential is not that far behind Japan's, which is judged to be capable of producing a nuclear weapon within six months (Peter Hayes, *The Republic of Korea and the Nuclear Issue*, 1992).

Under U.S. pressure, the SK government finally signed the "Nuclear Non-Proliferation Treaty" and "Treaty on the International Inspection of Nuclear Facilities" in

1975, but it ceaselessly pursued its nuclear-weapons production plan both before and after signing. It has never voluntarily given this up. SK's present nuclear-weapons potential follows behind that of India and Pakistan. This is only because it has not started concrete production of a nuclear detonation device. Seen from the NK's perspective, in nuclear potential, SK was already far ahead at this stage and was a threat. This is so, even if we exclude the power of the U.S. nuclear weapons which, until recently, had been stationed in SK.

Let's look at the NK "nuclear issue" with these various circumstances in mind. For making these observations, it is convenient to set up a set of evaluation references. That is, what are the reasons for and causes of SK's tenacious pursuit of its plan to independently produce nuclear weapons? Generally, they are as follows:

1. Cannot depend on U.S. use of nuclear weapons (protection).
2. SK's conventional military power (war-fighting capacity) is inferior to NK's.
3. SK's economic power is inferior to NK's.
4. Regime's political and social base for stability is weak.
5. International isolation (in the 1970s). A sense of a national-security crisis.
6. NK's military, absorption unification line (distrust).

Let's evaluate NK applying these references.

1. No nuclear weapons of the former Soviet Union or the present Russia, nor of China ever existed in NK. After the collapse of the Soviet Union in September 1991, Russia unilaterally notified NK that it was removing the clauses referring to military responsibilities from its treaty of military alliance with NK concluded in 1960. NK could no longer depend on Russia for nuclear security or for conventional military support. This was a much greater blow than the US's Nixon Doctrine was to SK.

2. With the so-called "Yulgok" military-buildup plan started in 1975, SK's military power and overall war-fighting capability, both in quantity and quality, came to equal that of NK in the mid 80s. In the 90s, SK's war-fighting capability came to surpass that of NK and the gap is growing. As an overall indicator of this, the ratio of 1992 military expenditures by NK and SK is estimated to be \$17 billion [NK] to \$30 billion [SK]. Even America's extreme right-wing, anti-North Korean research organization, the Heritage Foundation, estimates the ratio of 1992 military expenditures by NK and SK to be \$10 billion [NK] to \$22 billion [SK]. As a concrete comparison of combat capability, commander of both U.S. and UN forces in SK General Riscassi revealed that, compared to the annual 120-150 hours of in-flight training received by SK Air Force fighter pilots (Ministry of National Defense white paper), NK Air Force MIG-29 fighter pilots only get four hours of annual in-flight training. (This is a ratio of 120 hours to four hours. 6 June 1991 Seoul-Edition *New York Times*)

3. Comparing their 1992 GNPs, which expresses a nation's overall economic power, SK is estimated to

have produced \$290 billion to NK's \$21 billion (Bank of Korea, *Donga Ilbo* 8 June issue). The estimates of a Russian government organization are about the same. There is a degree of difference between the evaluation standards of a capitalistic economy and a socialistic economy. Even if corrections are made for this, however, the research results generally show an economic-strength ratio of 10:1 between SK and NK. From an economic standpoint, NK is no longer a rival of SK (This is a complete reversal of the North-South economic relationship; during the 1960s and until the mid 1970s, the SK economy was only a small percentage of the NK economy.).

4. In political and social stability, elements of instability in NK are growing due to a continual worsening of internal and external conditions. SK's chronic state of political and social instability under past military dictatorships began to stabilize beginning in the late 1980s. The civilian government is now standing on a firm foundation. NK economic and social conditions, in contrast, are considered to have reached the "danger level."

5. There has also been a reversal of their national images in the international community. During the 1960s and 70s, NK held a superior position internationally, but since the end of the 1980s it has continued to grow more isolated. Forces supporting NK have almost disappeared due to the dissolution of the Soviet Union as a nation, the collapse of the socialist world, Russia's and China's move toward capitalism and national-centrism...etc. Normalizing and establishing friendly relations with SK, China, Russia and the countries of Eastern Europe have actually changed to become nations unfriendly with NK.

6. Due to the various political reversals identified above, NK unification policy changed to be passive, conservative, delaying, peaceful, nonmilitary and above all self-preserving. The preservation of the NK system and state, rather than active unification, became the most pressing task. Contrary to the 1960s and 70s, SK is pursuing "absorption unification," a German-style unification, with national strength as the basis of its actual policy.

In a complete reversal of the above references, NK believes its existence as a state is being threatened. Pressed by these circumstances, what road can the NK party, government, military leaders and leadership groups choose? It is exactly the same road that SK's President Park, anti-Communist groups, the military and government leadership chose when faced with exactly the same circumstances in the 1960s and 70s. That is, "independent development of nuclear weapons."

In this situation, we must escape from our one-eyed perception to view things at the level of two-eyed perception. We must evaluate NK's reasoning on the changing situation and on self-preservation from its reality and standpoint. If moving toward "independent nuclear weapons" was justified for the SK people in

similar circumstances and conditions in the 1960s and 70s, by the same logic, cannot NK's present independent "nuclearization" plan be justified as well? What are they supposed to do with no other road left open to them?

There are more than a few among those with considerable culture and universal, international education, as well as extreme right-wing figures, who regret, "President Park should have shaken off the opposition of the U.S. and built an independent, nuclear military force." For a NK under the same conditions, however, this logic is characterized as a "crime." Is not something wrong with this? It is the result of a "double standard." Of course, this reasoning does not justify or support NK nuclear armament. Its true spirit is just the opposite.

The nuclear issue on the Korean Peninsula is as complex as it is difficult to handle accurately, impartially and equitably, even when looking at it with two eyes. Let's look at it with compound-eyed perspective by adding a third eye, U.S. policy and strategy. We also need to include Japan.

First, NK is confronted with SK's normalization and establishment of friendly relations with China and the Soviet Union (Russia); the U.S. and Japan have refused to take reciprocal measures toward NK (The cause and effect relationship between NK nuclear development and U.S. and Japanese nonobservance of agreed-on items is like the relationship between the chicken and the egg.).

Second, the withdrawal of powerful U.S. nuclear weapons from SK took place barely a year ago. Up until that time, there had been neither Soviet nor Chinese troops stationed in NK. Nor did they have any military bases there. Furthermore, neither superpower had nuclear weapons there. Under the threat of a unilateral U.S. nuclear attack, NK had to take measures to ensure its survival.

Third, the scale of the 1991 Korean-American Joint Combined Arms "Team Spirit" exercise was the largest in the world, with 270,000 participants. Emphasizing "National Self-Reliance," NK has rejected this form and size of joint military exercises with the Soviet Union and China. Simple maneuver training centered around two nuclear aircraft carriers, the largest in the world, "Team Spirit" is clearly practice for a nuclear war against NK, when seen from its perspective. There is good reason for the "semi-war-time system" to go every time the exercises are held. If every year NK were to hold a "Soviet-NK Team Spirit" exercise with 270,000 personnel participating in joint training between the Soviet Union's (or China's) strongest nuclear forces and the NK military, including amphibious landing exercises in Haeju or Kosong just north of the demilitarized zone, how would South Koreans interpret this? In military power, arguments over whether something is for "offensive" or "defensive" purposes are meaningless. To argue either way is quite arbitrary and is often a ruse. A tank made solely for defensive purposes would not have a gun.

Fourth, we need to consider the fact that SK's nuclear capability is much superior to that of NK, and the fact that the U.S. has been almost coercively selling and giving support for nuclear-energy technology and facilities to SK. SK presently operates nine nuclear power plants; their total output is 7.3 million KW. Korea's nuclear-fuel circulation-system design, manufacture, and rate of operation have already reached an average of 75 percent. According to Peter Hayes, the expert on SK nuclear power quoted above, SK has in reserve about 10 tons of plutonium 239, the direct raw material of nuclear weapons. By the year 2000 with the completion of nuclear power plants number 10 and 11, it will have about 24 tons.

Combining everything, including its research center, etc., by the year 2000, NK will have an output of 300 KW [as published], so it is estimated that its annual production of plutonium will be about 70 kg. This is only one-twentieth of SK's.

Fifth, we must consider the general misperception of the U.S. military and Koreans, who hold NK's political and military leaders and leadership groups in contempt, judging them to be "unpredictable madmen." In the course of preparations for the war with Iraq in 1991, American intelligence and propaganda organizations and the media depicted President Hussein as a "baby eater," despising and denouncing him. Later, intoxicated with its victory over Iraq, the American military depicted NK leader Kim Il-song and party, government and military leaders this way in a 1991 report by Defense Secretary Cheney.

Is the NK leadership really the unpredictable, treacherous, impulsive, deprived nonhumans that South Koreans and Americans judge them to be? And is the American and SK leadership, particularly the military and quasi-military leadership, really more rational, predictable in everything, open, prudent, peace-loving, thoroughly philanthropic and nationalistic? We need to ask ourselves these questions.

The track record of these Koreans and Americans has been far too poor until now to give an unhesitating answer of "yes" to the above two questions. The evidence for this is too voluminous to list it here. I'm afraid that ultimately this may be a case of "the pot calling the kettle black." It is safe to say that in Vietnam and Latin America, and in Iraq and the Arab world, the evaluation of the morality of America's president and its right-wing, military and quasi-military organizations has been concluded. In SK too, under the present civilian government, corruption is being exposed to the light of day. Actually, it was all exposed a long time ago, but...!

The conclusion of our examination of NK with compound-eyed perspective is that it is true, or at least a fact close to being true, that NK is anxious, or rather, "fearful" of the U.S. and SK. Between the *91 Joint Military Net Assessment*, an expression of the intentions of the U.S. military in 1991, and *Force Structure*

Excerpts, Bottom-Up Review (Defense Secretary Les Aspin), an overall military plan for the years 1994-99 published on 1 September 1993, we discover an important difference concerning the Korean Peninsula.

In 1991's so-called "Scenario For a 120-Day War Against North Korea," NK is brought up as one of the four nations, the others being Iraq (Hussein), Libya (Qadhafi) and Cuba (Castro), that the American military "will have to deal with in the future." Of course, Kim Il-song, depicted as was Hussein, stood out clearly as the focus of attack, but NK itself is one of the four targets.

Published just a few days ago on 1 September, the activity goals of the U.S. military plan conspicuously highlighted Iraq and NK. I only hope this is not some expression of the American military's intentions.

When looked at with compound-eyed perspective, the so-called "North Korean Nuclear" policy the U.S. and SK have enforced against NK for the past several years is reminiscent of the strategy enforced against the Soviet Union, inferior to the U.S. economically, militarily, politically, and socially, by the Reagan administration in the 1980s. Reagan's America achieved its goals with a policy that included unlimited space ("Star Wars" plan), unlimited time (until the Soviet Union surrenders), unlimited money (continuation of a military budget at the highest level imaginable), and unlimited politics (strengthen the siege of and strikes against the "Evil Empire," the Soviet Union and socialism worldwide) in an arms race.

What should we do in this situation? For the realization of genuine peace, cooperation, etc., between North and South, SK, of its own accord should reduce the number of elements threatening the survival of NK. In the November 1991 meeting of the Sixth Session of the Party Central Committee, the moderate, internationalist faction won over the hard-line, uncompromising faction. Afterwards, since February 1992, various important agreements between NK and SK have been signed. In spite of this, the U.S. and SK military threat, most feared by NK, is not being reduced in the least, from their point of view.

On 5 September 1993, according to the parliamentary inspection now in progress of the so-called "Yulgok Project" for building up the military, for the ten-year period between 1990-99 the military is supposed to spend an average of \$4 to \$4.5 billion every year, a huge sum, for new-weapons purchases. This amount is much greater than NK's total annual military expenditures. Many neutral, foreign research organizations estimate NK's annual military expenditures to be \$3 billion (Heritage Freedom Foundation's research center estimates it at \$2.2 billion). SK spends about three to four times NK's total military budget every year; its investment in new-weapons purchases alone amounts to twice the NK's total military expenditures. How meaningful can so-called "humanitarian" events be, such as

"Divided Family Reunions," "mail exchange," "establishing a DMZ visitation center" and "art and cultural events," while SK is determined to continue this crushing arms race?

Given NK's situation, in which pilots of the MIG-29, a core weapons system in their forces, can get no more than four hours of annual in-flight training, I am afraid our almost "unlimited," Reagan-style military buildup may cancel out all our reconciliation efforts in other areas. Will not SK's proposals for "humanitarian" exchange and "peaceful" economic cooperation appear in actuality to be only a cover-up for a strategy to bring about NK's national bankruptcy and "destructive integration," rather than the addition of a peaceful, "mutually prosperous relationship." This is actually how NK views these activities. Families embracing each other and shedding tears in the joy of reunion is certainly "humanitarian." Two art teams on one stage raising their voices in a chorus of "My Desire, Unification..." is without mistake "peaceful." Sending several thousand tons of grain to hungry NK is even more humanitarian.

However, thinking of the pain of the NK people, who must make tremendous sacrifices for military spending to stand against the material and military superiority of SK, with ten times the economic power and three to five times the military budget, would not true humanitarianism be to put an end to this arms race? SK's economic power (GNP) beats NK's ten to one. If SK adds only one percent of its GNP to its military budget, NK must invest as much as an additional ten percent of its GNP in military spending. What a waste of our peoples resources. It is safe to say that this unlimited waste is almost "criminal" since reasons for a war between the North and South have almost completely disappeared.

One-eyed perspective on the structure of North-South relations produced these results. North and South Korea should at least be able to make themselves objective. And should they not have the perceptual capacity to judge their problems from each other's perspectives? This is a two-eyed awareness of the problem. With the U.S., Japan, IAEA and UN involved, even two-eyed perspective is insufficient for the NK nuclear issue. This is the reason for needing compound-eyed perspective.

If our unification strategy does not have as its objective the economic and social bankruptcy and national collapse of NK, then I believe that arms reduction would be a true beginning toward building trust between North and South. NK manufacture of nuclear weapons must be stopped. For genuine national reconciliation and the normalization of our relationship, a few of NK society's distorted systems and phenomenon must be corrected. There is no room to doubt the need for this.

It appears, however, that it will be difficult to expect NK to change in this direction given the unlimited military buildup and economic policy of the "Yulgok Project" or the military concepts of the past military dictatorships.

The times earnestly await bold ideas, a wise change of policy and political leadership worthy of a civilian government.

*** Sweeping Changes at Service Academies Noted**

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21 Oct 93 pp 54-56

[By reporter Yi Kon-u]

[Text] Nowadays cadets of the Air Force Academy [AFA] do not go to the library when they need some reference materials in their evening study hours. They go instead to the computer terminals installed in their living quarters for information they need. If it is one of the latest foreign research papers that they are looking for, they just turn on the terminal linked to the Korea Advanced Institute of Science and Technology. Since the network is also on-line with facilities in foreign countries, they have access to overseas information, too.

Modern warfare is a showdown in high technology. The Gulf War was a demonstration of how a high-tech war is fought. Science and technology [S&T] advances as time passes by, producing more and more high-tech weaponry. As a result, the military is confronted with an unprecedentedly pressing task, the task to adapt itself to S&T advances. It means adjusting itself not only to S&T advances but also to the rapid social changes in general. In that sense, it certainly is a matter of concern how cadets of the service academies, who are the future military leaders, are being trained in advancing S&T, and what efforts they are making to keep pace with the general public.

The biggest change occurring at the service academies is a computer boom. Modern warfare can be called a computer proxy war. Computers are used in almost all military activities, ranging from logistic support to the launching and guiding of missiles. In the future, commanding officers will be required to make analyses on the computer before making decisions. This awareness is prompting cadets even to purchase their own computers. They know that future commanders must know about computers.

Yang Hae-song, head of the cultural science and sociology section of the Military Academy [MA], says that "the commander today makes his circumstantial judgment on the site and commands training with the baton in his hand, while the future commander will be required to first input all circumstantial factors in the computer and make the necessary analysis and training plans before issuing his order." According to him, cadets are living in an age in which they are not expected to serve as commanders unless they have good knowledge of the computer. After all, computerized war games have long been a routine exercise in foreign countries.

Consequently, the service academies are now fully devoted to the computer training of cadets, the future commanders. In the case of the Naval Academy [NA], it

will not only drastically strengthen its computer training program from next year but also is pushing for the opening of a computer intelligence course. It finds that the pressing need for specialists capable of reading information obtained from diverse sources, including satellites, permits no further delay in training. The AFA currently has a computer science course. The MA will soon have one computer for every cadet.

High-tech equipment installed can be a symbol of training in advanced S&T at the service academies. The AFA, whose basic equipment are products of high technology such as fighter planes and other aircraft, is proud of its wind tunnel laboratory. The facility is one of the most advanced in the country, even drawing requests from private firms for its use. Presently, a new wind tunnel test facility is under construction, which will be the largest of its kind at home when completed in 1996. The wind tunnel facility is for finding out the wind impact on aircraft, cars, and buildings. Consequently, it is an essential facility in developing new models. Also, the AFA is training its cadets in three of the 11 core fields of high technology as selected by the U.S. Department of Defense last year. The 11 fields are computer, software, sensor, communication network, electronic equipment, environmental impact, materials and processing, energy storage, propulsion and energy conversion, design automation, and biotechnology. The AFA is focusing on computer, propulsion and energy conversion, and biotechnology. Of these, the biotechnology course is based on the understanding that it is after all human beings that control things like weapons and aircraft. In other words, the course is designed to find easier, safer, and more accurate ways to control weapons and aircraft. In fact, the AFA produced research papers already, including one "On Optimization of the Cockpit."

The NA has high-tech installations including an ultra-high frequency engineering laboratory, a basic electric circuit laboratory, a hull stability laboratory, and a basic electronic circuit laboratory. Officials boast that they are all high-tech facilities important in teaching the basic theories of ship operations and of high-tech weapons operated in a combat situation. Furthermore, they expect that the NA will be training midshipmen with more high-tech facilities when the current construction of a science and engineering hall is completed in June next year.

The efforts being made by the service academies to keep pace with the rapid flow of the times, however, deserve commendation not for such high-tech facilities being secured but for the fact that they are awake to the need for a shift in their perception. Despite the conservatism inherent in the organization of the military, the service academies are making extraordinary efforts to meet the demand of the times. They are striving, so to speak, for internationalization, specialization, and self-regulation, the importance of which has become a focus lately in the general society. As a typical example of the internationalization effort, the NA is going to open a new war

history course next year. Recent changes in the international environment surrounding the Korean Peninsula made it increasingly necessary to develop strategy and tactics under a new concept and this led to the scheduled opening of the new course. It is also in preparation for the future when an ocean-scale navy may become a necessity. Also, as part of the internationalization effort, the academies are expanding exchange programs for cadets and instructors with their foreign counterparts, as well as cadets' foreign tours at vacation times.

In the specialization effort, the service academies are scheduled to open in 1995 a graduate school of military science for the training of specialists. The graduate school, with its headquarters in the MA, will have six courses and 12 subdivided special courses altogether—e.g., a space and aeronautics course in the AFA and a sea acoustics course in the NA.

Even more significant is the fact that the specialization effort is going on by the initiative of the cadets who are coolly aware of developments in the general society. A typical example is the selection of his arm by 2d Lt. Sok Yong-kyu, who graduated from the MA at the top of the class in March this year. He picked the accounting branch despite his excellent performance in the MA. Despite the fact that the infantry branch offers greater chance of promotion, he chose a military accountant career for himself. This kind of selection is not confined to 2d Lt. Sok but a general trend among MA cadets. They are after a specialist career in a specific field rather than blindly chasing promotions. Song Chom-mo, a senior, said that "while applying for a branch to serve in recently, the example set by 2d Lt. Sok became a topic among us again." "Considering my aptitude, I applied for the adjutant branch for now," he added. In response to the cadet interests in specialization, the service academies are working to further subdivide specialty and expand options. Yi Chang-min, senior professor at the AFA, said that "not only the society but also the military need specialists in specific fields." "To further diversify majors and to enable cadets to select their majors as freely as in universities," he disclosed, "we are studying plans to revise the courses of study."

As cadets have changed their consciousness, and as the society itself has changed, the "cadet culture" is undergoing major changes, too. As in the general society, liberalization and self-regulation have become a focus. When people in general think of cadets of the service academies, they think of their strict disciplines and manners as seen in their unique 90-degree walking. Lately, however, the service academies are in a hurry casting off the traditional practices and old customs. The change might appear to be a minor one to the public, but inside the military it is viewed as a "drastic change." The NA recently officially abolished the "summon" system, a traditional practice of senior midshipmen calling out juniors for "correction" of their alleged misbehavior. The practice involved complicated procedures—e.g., the junior midshipman summoned was required to wear the uniform—and the "measure" employed for correction

was largely physical. In abolishing it, the NA cited the reason that the custom could be conducive to causing double-faced personalities. Also, currently NA senior midshipmen are allowed out from 1700 to 2200 on Wednesdays, and officials are now considering to expand the system to include all the midshipmen. Meanwhile, MA cadets were allowed to stay out one night every month, and for that privilege, they were required to attend a religious event as an obligation. Since May this year, however, religious attendance has become voluntary in a change showing the MA's respect for the will of the individuals in religious life. In the past, AFA cadets were required to do their study in the designated places in the evening study hours. This has been changed. Now, they can do their study in a place they choose after indicating the place on the bulletin board. They also enjoy free discussion—a basic element of democratic society—among them. It is no longer the dry and hard, formalistic speech involving "allegiance," "the sense of honor" and "the fundamental posture of the military personnel" but exchanges reflecting longings of youth. The subject of a recent debate by AFA cadets was "What Happened to Me in the Summer Vacation." The current No. 1 topic among AFA seniors is their girlfriends they plan to escort to the upcoming Hwarang Festival.

MA cadets must observe the Three-No pledge—no smoking, no drinking, and no marriage. Persons violating the pledge are expelled from the academy. But officials are now considering the lifting of the ban on drinking and marriage. Needless to say, alcoholic beverages will be allowed only at the officially designated hours and places. Also, there is a plan to authorize seniors in the second semester to make an engagement. As for the no-smoking pledge, officials plan to continue it, for health reasons and in view of the social trend which is also for no smoking. It is interesting to know the reason used for the lifting of the ban on drinking. Reportedly, it was in part that officials decided that the ban had the negative effect of isolating cadets from society. They were of the view that prohibiting even moderate social drinking could be an impediment to the effort to keep pace with the rapid social changes.

All in all, however, the service academies' greatest effort to keep pace with the rapidly changing society must be their plans for recruiting female cadets. They drew and submitted their respective plans to the Ministry of National Defense for approval. The recruiting is likely to start in 1995 or 1996 at the latest. Each academy plans to accept female cadets up to 10 percent of the total number of recruits. Opinion polls also indicate that cadets are in favor of the move, it is said. Paek Song-uk, an AFA senior, said that "from the viewpoint of the equality of the sexes, women should be allowed to enter the academies."

The military, which has been said to be the last to change in the world, finally started to stretch itself getting ready for change.

* Conglomerates' Chiefs on Economic Situation

942C0029A Seoul CHUGAN CHOSON in Korean 28
Oct 93 pp 20-27

[Text] The question we face is where the Korean economy is headed now. In other words, are we going to find ways to our economic revitalization or remain idle indefinitely?

Hardly a day passes without seeing some mention of "Korean economic crisis" in daily newspapers these days. Economists tell us that we have lost what once was our economic competitive edge based on lower wages and are failing to develop new competitive strength in such areas as technology and marketing to recover the loss. The same view is also held by analysts of prominent foreign economic institutions such as the World Bank (IBRD) and the International Monetary Fund (IMF). Their research concludes that developing economies such as China, Malaysia, and Indonesia are catching up with the international competitive strength of Korean economy.

We can not help but ask whether this is truly the case. If it is, we then have to ask what should be done about it now to bring about revitalization of Korean economy. Through a questionnaire, we asked the heads of five conglomerate groups who would know about the economic crisis firsthand.

The heads of the five leading groups in Korea, Chairmen Yi Kon-hui of Samsung, Chong Se-yong of Hyundai, Ku Cha-kyong of Lucky-Kumsong, Kim U-chung of Taeu and Choe Chong-hyon of Sonkyong, all said the Korean economy was in a crisis situation. Although variances in parts are found in their answers because of the characteristic specifics of each group, all of them were in complete agreement on one point that this was the biggest crisis since the days of economic development of the 60's. However, they also predicted that the condition would gradually improve after 1994 as the national economy passes through a period of restructuring and the world economy gradually turns into recovery.

As for the causes of economic crisis, they list the group centricism permeating throughout the society since the latter half of the 80's, business loss of vitality, and excessive government interference. As for remedies, they longed for a public change of attitude and the government's bold deregulatory measures. Also, they would like to see various laws enacted in the 60's and the 70's for our economy amended. They have particularly expressed their profound discontent on existing labor relations laws which in their view take the right to select a worker away from the owner of a business. Concerning business-government relations, some stated that there still remained uneasy and uncertain feelings even though the Kim Yong-sam administration had shown some pivotal improvement in this area. As for the question of reducing government corporations, the majority opinion cautioned that it should be carried out with care so as not to create undue turf battles among government agencies

or to demoralize the government employees, although they agreed that the time is ripe for such action.

Professor Kwak Su-il of Seoul University Economics Department and Director Yi Han-ku of Taeu Economics Research Institute assisted us in preparing the questionnaire.

Questionnaire:

Question 1: Please give us your evaluation of the current state of Korean economy. Supposing it is in crisis, how serious, in your opinion, is the situation?

Question 2: When do you think we will see the turnaround in Korean economy? Please give us your reasoning on this.

Question 3: Please list three major obstacles to revitalization of Korean economy, as you see them. If you would, take three sectors, the general public, industry, and the government, as factors in your consideration.

Question 4: What, in your opinion, needs to be done most urgently by the public, industry, and the government, each separately, for our economic recovery?

Question 5: We have now seen the period in which politics reigned over economy. Kim Yong-sam administration seems to have expeditiously brought about a balanced relation between industry and the government. Would you agree to this assessment?

Question 6: What is your view on reduction of public corporations?

Question 7: There are many who point out that a legislative and statutory reform is urgently needed for our economic revitalization. What are your views on such relevant matters of urgency as free-floating interest rates and industrial restructuring?

Question 8: What is your management philosophy as to overcoming current economic difficulties and preparing for the 21st century?

Yi Kon-hui, Chairman of Samsung Group

Answer 1: Our economy is currently in a crisis situation, I believe, for the first time in the post-60's economic development history. Due to inadequate preparation to deal with them, on our part, the Southeast Asian nations such as China aggressively caught up with us in competitiveness, and ours as a nation has suffered a serious erosion for the last four or five years. At the moment, our principal sources of economic strength, namely efficient government, aggressive business spirit, industrious workers, and the austere public, that led this country into the higher rates of economic growth through the 80's, are all in shaky grounds.

Answer 2: It would be a while before we see a revival of our economy. In short term, we would witness an improvement in our economic condition in small scale, but for a long term continuous economic growth, we

must have a fundamentally strong economic foundation, through enhanced restructuring and systemic improvement. Any prolonged economic stagnation would further delay the long term economic growth as it dries up potential capital needed for our efforts such as restructuring. Thus, I believe, we have to apply short term stimuli in conjunction with the long term measures.

Answer 3: As for major obstacles to revitalization of the Korean economy, I would list restrictive government regulations, lack of industrial efforts for transformation, and declining industriousness of our population as a whole. The strict government regulations which include those affecting financial areas only provide a better opportunity for competitively strong foreign companies rather than helping our small businesses. High interest rate is a problem, too. The high interest is one of the worst obstacles as it makes it difficult to invest in equipment and fund restructuring. Current high interest rates make it impossible for our industry to invest in automation, R&D, and capital intensive large-scale projects. Our workers having attained a succession of rapid wage increase should, I believe, make their utmost effort to raise the quality of their work and the level of their productivity. Otherwise, our competitive strength, as a nation, in the international market and in our growth potential would suffer, and the jobs for young workers would be threatened. And we have to prepare ourselves for future possibilities of labor shortages and a generation of moderate economic growth by utilization of female workforce and implementation of an austere national lifestyle.

Answer 4: The biggest task for Korean economic revitalization should, naturally, be born by industry. However, we have to remember that a second-class nation would only produce a second-class industry. Government should make the effort to maximize the efficiency of the nation as a whole by assuring the free market system for industry through upgrading economic policies and systems appropriate to meet the challenges of today's industrial internationalization, expansion of infrastructure, and making sure of the availability of superior manpower.

Answer 5: It is true that there has been a substantial change in overall business-government relations, which in the past were dominated by government, after the civilian government took office. However, the relationship is hardly an ideal one, and in some instances you feel more difficult in finding clues for certain industrial issues. Shortcomings in the past such as political overbearing and political-economic connections were in large measure due, I believe, to our not having set our sights on higher ground such as preparation for the 21st century and dealing with global competition. Politicians should rid themselves of arrogance and try to create an atmosphere in which the opinions of those who manage businesses firsthand would at least be respected. And, they should also avoid the tendency to approach national

issues with confrontational tactics based on a black-and-white mentality and adopt an all-inclusive approach for the benefit of all parties involved, acknowledging different points of view.

Answer 6: No one would ever dispute that the privatized management is much more efficient than the nationalized, as reflected in the demise of the former Soviet Union and the East European nations. We need the government to improve on its efficiency urgently by reducing the size of not only its central bureaucracy for public corporations but also its subsidiaries such as public foundations and various funds, and streamlining its functions through consolidation. I further believe that government should engage itself far more actively in what would be considered its inherent tasks such as establishment of national strategies, social and infrastructural capital investment, and economic diplomacy. Also, it is advisable that public sector management utilize more private sector specialists and intelligence.

Answer 7: There ought to be reform of labor relations laws in order to make them more congruent to the new environment of management. Clarification of the manpower adjustment regulation for management rationalization, and establishment of no work, no pay principles are some of the examples of what we need in this area. And there is, I suspect, a need for review and relaxation of funding regulations. The biggest obstacle in capital formation for a new project is the current restrictive rules and regulations on not only direct corporate measures such as issuance of capital stocks or corporate bonds but also institutional loan activities, as well. As for the subject of specialization, I do not believe a uniform regulation could be applied throughout industries because the subject has to be addressed by each industry or each group of industries independently.

Answer 8: Today, industries worldwide, are facing economic and technical battles fighting for their very own survival. What we have to learn in this trend is to possess within us a crisis mentality, and I have been stressing this to our appointed company officers ever since I became chairman. Particularly in recent days, I feel even more strongly about this. Ramification of this was the background for Samsung's declaration of the new management principles in March and of the "Quality First" theme appeared in our Frankfurt declaration in June.

Chong Se-yong, Chairman of Hyundai Group

Answer 1: Our economy, in my view, is going through a period of structural up-grading to join in the rank of industrialized economics. The difficulty our economy faces is compounded by the worldwide long-term recessionary trend. Therefore, let me just say strongly, now is the time for our economic forces to come together and make positive efforts for its restructuring without which our economy will fail; this I would say instead of saying that our economy is in a crisis situation.

Answer 2: My expectation is that our economy would begin its recovery, if all goes well, in the latter half of

next year. However, I believe the recovery would be a slow process because it would take some time to remove existing obstacles to our economic growth, which are structural problems, i.e. high labor costs, high interest rate, and technological deficiency.

Answer 3: The principal factor blocking our economic revitalization, I believe, is the deteriorating spirit of every sector of the economy. As for the general public, we have seen slackening work ethics and exploding group centricism since the 29 June declaration, and the unified spirit once rallied around the nation's progress has suffered a significant setback. As for the government, despite its relaxation of restrictive measures over domestic market, various administrative rules, prevalent in the 70's, and its inconsistent policies, which were pronounced but not acted upon, are major contributing factors to obstruction of our economic revitalization.

Answer 4: As for the general public, first of all, there has to be a true sense of citizenship that embraces responsibilities as well as rights and restrains from demanding unreasonable equilibriums realizing that our income distribution is nearly compatible to that of industrialized nations. As for industry, there should be bold research capital investment and positive actions to expand the pool to technical manpower as a part of its creative reform effort. And there should also be an increased productivity through merit promotion system for white-collar workers and elevation of blue-collar workers to appointive positions. As for the government, it should lift the air of economic uncertainty through accurate economic analysis and forecast and consistent policy implementation, which would be helpful to business decision-makers.

Answer 5: An ideal economic society would have complimentary relations between the government and business, and be able to achieve its progress with the least disturbance. In the past, I am inclined to believe our economic growth had been adversely impacted by unofficial and informal business-government relationship without an established code of conduct. It is my impression that making a codified official relationship between the government and business, the standard practice is precisely the objective of Kim Yong-sam administration reform measures, a series of which were implemented this year. Kim Yong-sam administration's reform efforts, as they become successful, would greatly help industry, I believe, because his set of rules enhance consistency and, thus make better forecasting possible.

Answer 6: In the 60's and the 70's, the economic development primarily led by the government had greatly contributed to laying foundations for our economy. However, it is a widely acknowledged fact that expansion of public corporations is counterproductive to economic growth as the size of economy expand and the social structure becomes complex. Reduction effort for public corporations should begin by defining what is and what is not the activity a public corporation should undertake. In carrying out this reduction, one ought to

be extremely careful to avoid turf battles among government units and demoralization of government employees. For such funding activities as expansion of indirect social capital which the public corporation alone is capable of undertaking, I believe, the government should do more, although it should positively consider more private sector participation in order to increase the efficiency of capital investment and facilitate security of fund resources.

Answer 7: Commerce laws in this country have attained two characteristic aspects through the course of their formulation. First, most of the laws were enacted during the course of economic development in the 60's and the 70's and, secondly, a great many of them were directly modelled after those of industrialized nations. Consequently, there are a lot of existing commerce laws which are in conflict with our reality and are incompatible to our national income level and developing social standard. In certain instances, there is a distinct possibility, as it stands now, that a law could be applied in various ways depending upon an administrator's own interpretation of it. Those commerce laws should be amended as soon as possible.

First of all, we have to alter the legal system of restrictive regulation into that of free market competition. For example, the laws that need to be either amended or repealed are the foreign capital direct investment, the industry rationalization, and the ember regulatory laws. Secondly, labor relations laws, modified during the course of democratization in the mid-80's and reflected too heavily on idealism, need to be amended in order that they become compatible to our economic reality. We ought to have laws that enable business help fight economic stagnation by strengthening the prerequisite for a worker strike, readjusting the statutory work hours, and strengthening an employer's right to hire or discharge an employee.

Answer 8: It is my hope that we motivate our company employees to participate constructively in company management by letting them have a forward looking faith in the company and implementing an incentive system. Further, I intend to bring about the spirit of co-participation such as voluntary participation in management through expansion of on-site industrial relations management and selection of technical employees to the company decision-making board.

Ku Cha-kyong, Chairman of Lucky-Kumsong Group

Answer 1: I think our economy is currently in a difficult situation. Our economic crisis in foreign market seems to grow deeper; yet, I do not see the willingness of our people to stand up and work hard for our economic growth.

Answer 2: Our economic recovery will start, I believe, in the latter half of the next year. By then, the world leading economies such as the United States, Japan, and the European Community would gradually have come out of their recessionary period and the effects of our business

to improve our competitive strength would begin to see some results. And the government indirect social capital investment, as it proceeds in full force, would help the economic recovery, as well.

Answer 3: Various group centricisms prevalent in all segments of our society are becoming obstructive forces to our economic growth. Business must strive for improvement of our international competitive strength through bold measures and reforms. And, the government must, I believe, make a major effort to reinforce its complimentary business policies to stimulate the private sector economy.

Answer 4: The immediate task for our economic recovery is to install a mechanism that would resolve and manage social conflicts among interest groups. I must admit that businessmen should remember the fact that they have to play a major role for social progress of the nation and have to double their efforts to improve our competitive strength through management reforms. The government should adopt forward-looking and creative policies under a concrete national growth plan to bring in the twenty-first century.

Answer 5: It is unlikely that industry could be completely indifferent to the given positions of the government or the political sector, for government policies still profoundly impact business environment. However, I am glad to be able to point out that we are seeing a gradual improvement of the environment in which businessmen could devote more of their time to managing their business [rather than to what the government might or might not do] since the new administration came to power.

Answer 6: We need a drastic reduction of public corporations. My thinking is that those corporations should be privatized and this would contribute to maximization of the advantage the market economy could offer, which would be the answer for improving efficiency of the particular industry involved and also of the economy as a whole.

Answer 7: The laws pertaining to economy which are incompatible to economic reality such as employment-related laws should, I believe, be updated immediately. We also need modification of various finance-related laws and regulations that affect large industrial corporations, at the earliest opportunity.

Answer 8: The 21st century would be a time when only the most superior among corporations could survive. In any field, companies without the first-world-class technology, product quality and marketing capability would have no alternative but be weeded out. Our industry should concentrate on investing in personnel, selective industrial areas, and technologies that have future potentials, even though we might not expect any immediate returns from such investment.

Kim U-chung, Chairman of Taeu Group

Answer 1: Although there are plenty of crisis points in the Korean economy, I do not consider it in a hopeless state. Localization trend of industrialized economies, increasing competitive threats from developing economies such as China, declining productivity of our industry, and the weakened capability of government to detect the world economic trend are some of the problems our economy faces. However, these are not decisive or insurmountable obstacles to our economic growth and it would be entirely proper to regard them as transient problems in the course of corrections on national and international economic orders.

Answer 2: Not being a fortune teller, I can not give a forecast saying, "The Korean economy would begin its recovery exactly at such and such a time." However, I believe that recovery could come much earlier than expected, if industry, government, and the people join hands and carry out various recovery measures promoted by the government. At the moment, I predict that things would get better beginning in the year 1995.

Answer 3: I would list our declining international competitiveness in technology, strategy, and globalization, restrictive financial policies such as interest rate, and declining productivity as major obstacles to revitalization of the Korean economy. These crisis points of the Korean economy, now facing the 21st century, are telling us that our industries would not last unless they break away from their past management practices based on cheap labor, and improve on their management built around technological strength.

Answer 4: In order to overcome the obstacles, people, first of all, should rid themselves of group centricisms. Industry, for its part, should pay closer attention to capital investment in new technological equipment, and to overseas marketing. Investment strategies of our industry, with limited resources, must heavily weigh their implications on our international competitiveness in their consideration. And we would have a better preparedness of our future, if our industry practiced self-imposed intra-industry coordination to avoid any excess investment in a single area or project by preventing duplications.

Although the government has been trying recently in various ways to improve our economic system, I believe there still is something to be desired as to its consistency. Inconsistency often causes confusion for those who practice business management such as myself. Accordingly, one of the most urgently needed actions at this stage of economic growth is for the government to implement "equitable and consistent principles of social and economic decision-making." However, the government, in doing so, should also remember that its excessive interference over and above such an action as setting principles could hurt industry by hampering its capabilities.

Answer 5: I believe the relationship between political and economic sectors should be complimentary. A superior position of either sector is unacceptable. The latest

international trend in this area is that a government provides businesses with various supports for their international economic activities. We, too, should have a harmonious relationship between political and economic sectors.

Answer 6: I believe the government should reform public corporations and administration to be in line with our reality. Although I believe we can expect a better result by privatizing government projects, it is necessary that the government, in doing so, minimize its negative effect through appropriate course of actions and proper methods. To this end, I would hope that the government proceed with a set of pre-established public and equitable guidelines. I do not think we can expect the government to have its across-the-board reduction, and we need to see that it eliminates the waste and bring about its forward-looking organizational changes, for it too has to improve on its competitiveness.

Answer 7: Amendment of laws and regulations pertaining to our economy is urgently needed. Laws enacted during the period of government-led economic development are counterproductive to today's economy of globalization. Particularly on foreign trade, the existing laws have little or no consideration, despite the fact that the Korean economy, of necessity, has no other alternative but engage in foreign trade. Laws and regulations such as ember control regulation and other administrative statutes should be amended in such a way as to encourage industry self-regulation.

Answer 8: I believe there is only one way Korean businesses could survive the intense international competition, that is for them to grow as a multinational corporation through globalization. Our economy could grow fundamentally only through reaching out to overseas, and any other theory of increasing our national wealth, I believe, is probably a fallacy. The only way we can increase our export and effectively penetrate an international market, in addition to improving product quality and raising technical standards, is to invest overseas and engage in local production, local sales, and localized management, which would in effect, be an active export activity unaffected by trade barriers. On this premise, Taeu strives for growth of our own business and, through it, our national economic growth in two fronts: "global operation" and "Taeu technology."

Choe Chong-hyon, Chairman of Sonkyong Group

Answer 1: I would say that the Korean economy, in the 1990's, is headed for its prime years, having passed its infancy in the 50's and the 60's and its youthful years in the 70's and the 80's. Therefore, I expect that our economy, on mid-to-long term bases, would overcome its problems reflected in the indicators, which are the warning signals to our economy in short-term, such as continuously decreasing growth rates in the last few years, following three minor booms in late 80's, price increase, and trade deficit due to weakening competitive strength.

Answer 2: I expect that the Korean economy would have a period of new expansion as it recovers its international competitive strength beginning in the mid-90's after a period of restructuring in the early 90's. My reasoning for this is that our joint efforts of industry, the government and the public to prepare ourselves for the globalization trend of world economy, by then, would have born their fruits.

Answer 3: All sectors, the general public, industry, and the government, are responsible for the problems the Korean economy faces. As for the public, there have been increasing numbers of negative phenomena observed in our society such as erosion of confidence and spread of group centricism. As for industry, it had committed a cardinal sin of failing our competitiveness by neglecting technological improvement and also made an error of incompetence by letting a period slip by without the needed structural adjustment. As for the government, there have been plenty of empty talks on policy matters for political expediency, and the various, and at times abusive laws and regulations are hindering business efforts to move ahead to recovery.

Answer 5: Companies must operate under the long term growth objectives and should be able to pay more attention to managing companies rather than assessing business-government relations. It is encouraging to see

that the new administration has repeatedly made it clear that it intends to conduct itself in this direction and we welcome it.

Answer 6: The opinion that we need to reduce the size of public corporations is in effect but a reflection of our time that considers the corporate efficiency the most important. What we need is the wisdom to balance the positions held by the public, industry, and the government in the process of realizing the necessary reduction.

Answer 7: I believe the most urgent among the needed statutory reform concerning our economy is the one affecting our interest rate. The unreasonably high interest rate, higher than not only those of industrialized countries such as the United States and Japan but also those of our competitor nations such as Taiwan and Singapore, is an enormous obstacle to improving our competitive strength as it places exceedingly heavy burdens on businesses for the cost of necessary capital. As for industrial specialization, we have to be aware that too much artificial measures could be counterproductive because of their side effects.

Answer 8: The management philosophy for the 21st century should be, in my opinion, above all that we need to prepare actively ourselves for globalization, acknowledging that the world would become one huge marketplace.

Burma

Olympics Chairman Returns From Kuwait Visit

BK0612151293 Rangoon Radio Burma in Burmese
1330 GMT 6 Dec 93

[Text] A Myanmar [Burmese] delegation led by Brigadier General Lun Maung, chairman of the Myanmar National Olympic Committee and minister of the Prime Minister's Office, has returned to Yangon [Rangoon] by air at 1230 this afternoon after attending the 12th meeting of the Asian Olympic Council in Kuwait.

Agreement Signed To Purchase PRC Rail Equipment

BK0412033593 Rangoon Radio Burma in Burmese
0130 GMT 4 Dec 93

[Text] Myanmar [Burma] Railways, under the Ministry of Rail Transport, and the PRC's Yunnan Machinery and Equipment Import and Export Corporation signed a purchase agreement yesterday afternoon at the Myanmar Railways Headquarters' Conference Room No. 1. The agreement was signed by Myanmar Railways Managing Director U Aung Thein and Mr. (Lan Zai Yu), chairman of the Yunnan corporation. Six 2,000-horsepower diesel engines, four 1,200-horsepower engines, ordinary class railway coaches, and heavy machinery and equipment for railway construction will be purchased under the terms of the agreement, worth \$30 million.

Rebel Groups Said 'Ready' To Talk With SLORC

BK0612012193 Bangkok THE NATION in English
7 Dec 93 pp A1, A2

[Text] Burma's armed ethnic and other opposition groups announced yesterday that they are ready to send a delegation to Rangoon if the Burmese junta agrees to negotiate peace with a collective, not an individual, group.

The Democratic Alliance of Burma (DAB), an umbrella organization of about 20 ethnic and pro-democracy Burmese groups, also welcomed recent peace offers by Rangoon and said it was keen to enter peace talks with the junta better known as the State Law and Order Restoration Council (Slorc).

The DAB made public the collective stance after concluding its meeting a few days ago. It is the first official response to three separate speeches given by Burmese junta leader Lt Gen Khin Nyunt during his recent tours in the Karen, Karenni and Mon states where he urged armed anti-Rangoon ethnic groups to "return to the legal fold to hold talks".

"(The DAB) welcomes (Khin Nyunt's) speeches at three separate occasions and we are quite interested to enter peace talks," said Dr Em Martha a Karen spokesman and a senior DAB member.

In an interview yesterday, Martha said the DAB had already appointed a five-member delegation which could be sent to Rangoon if the Slorc responds positively to the DAB position—that is, that peace talks be held with the DAB and not its individual members. The delegation is not a negotiating team but an advance group to prepare for official peace talks, he said.

The group would be led by Major General Maung Maung of the Karen National Union and would also include Nai Pe Thein Tar of the New Mon State Party, Khine Soe Naing Aung of the Arakan Liberation Party, Dr Naing Aung of the All Burma Students' Democratic Front and U Mya Soe of the Democratic Party for the New Society.

Martha said the DAB is sending its proposal to the Slorc and hopes to get a reply soon. "If Lt Gen Khin Nyunt is as sincere as we are, then it means there can be peace in Burma," he said, adding that the DAB's policy is to solve the country's problems through peaceful negotiations. He said the peace talks should be held between the DAB and Slorc because both sides are concerned with the questions of "national equality and self-determination, and democracy."

"The two problems have to be dealt with at the same time, so it is important that we go in together as the DAB," he said.

The Slorc has always declined to hold talks with a collective group, preferring to deal with individual groups. So far it has secured separate peace pacts with a number of ethnic forces including the Kachin, Kokang, Pa-Laung, Pa-O, Shan and Wa.

After several rounds of negotiations the Kachin Independence Organization (KIO), which is one of the strongest allies of the DAB, reached a ceasefire deal with the Slorc in September. The two sides are working out the date for the official signing of the ceasefire agreement.

The DAB, which has expelled several of its members who entered unilateral agreements with Rangoon agreed in its recent meeting that it will continue to suspend the Kachin's membership in the group, Martha said. The DAB earlier threatened to dismiss the KIO.

Dr Martha declined to say whether the DAB had dropped its previous demands that the talks be held in a third country in the presence of UN observers and that the Slorc first release all political prisoners, including Nobel Peace Prize winner Aung San Suu Kyi who is entering her fifth year under house arrest. He said the DAB "cannot talk of the (demands) at this moment" and will come up with a statement in the next few days. He also denied reports that the Mon, also a DAB member, had planned to enter peace negotiations with Rangoon, saying Mon leaders including Nai Shwe Kyin had told the recent DAB meeting that they will go along with the DAB. "They agree that the DAB should take the responsibility (of holding talks with the Slorc)," Martha said.

There had been strong speculation that the Mon, pressured by Thai authorities, had already agreed to enter separate talks with Rangoon.

DAB Spokesman Cited on Talks Offer

BK0712055293 Hong Kong AFP in English 0546 GMT 7 Dec 93

[By Jim Hatton]

[Text] BANGKOK, Dec 7 (AFP)—An alliance of Burmese rebel groups battling the military government in Rangoon is testing the waters for possible peace talks that could end decades of civil war, an alliance spokesman said Tuesday.

Meanwhile, Thai authorities announced a "get tough" policy against Burmese student activists here following the November 23 arrest of four hard-liners who apparently planned to use explosives to attack Burmese leaders.

Em Martha, spokesman for the Democratic Alliance of Burma (DAB), told AFP in Bangkok that the umbrella organization of about 20 ethnic and pro-democracy groups was prepared to sit down with members of the ruling junta—the State Law and Order Restoration Council (SLORC)—for peace talks.

"Actually, we have written two letters to the SLORC this year in which we mentioned that the problem of unity should be solved peacefully," he said.

He noted Lieutenant General Khin Nyunt, Burma's powerful intelligence chief, had urged in recent speeches in Karen, Karenni and Mon states that the ethnic groups lay down their arms and "return to the legal fold."

"We took this as a response to our letters," Martha said. "We sincerely want peace so we are replying to this."

He said the DAB hoped to have a response from the junta soon.

"We had to wait three or four months for before they responded to the letters," he said. "We hope this time we will not have to wait so long."

Martha said he could not confirm a report that the DAB had appointed a five-member advance team to go to Rangoon and work out the details for talks, and said he would "leave for later" the DAB's earlier pre-conditions.

These included holding the talks in a third country under United Nations supervision, and that all Burmese political prisoners first be freed, including Nobel laureate Aung San Suu Kyi, who has been under house arrest in Rangoon since July 1989. Some of the ethnic groups have been battling Rangoon for greater autonomy since Burma won independence from Britain in 1948.

Meanwhile, a Thai official confirmed that the government would begin enforcing illegal immigration laws

against Burmese students here and would crack down on all gatherings of Burmese in Thailand.

"It is time...to enforce the laws and regulations against illegal immigrants," Foreign Minister Prasong Sunsiri told local reporters Monday.

"Any gathering of Burmese here for whatever reason will be regarded as an illegal political activity, no matter the number of participants," he added.

Thailand gave illegal Burmese immigrants until last November to enter a special holding center in Ratchaburi province near the Burmese border, but few complied.

Thai authorities did not immediately try to enforce the order. But the Interior Ministry has accelerated efforts to round up illegal immigrants since the arrest of the four armed Burmese last month.

Brunei, Malaysia & Singapore

Malaysia

Further on Strained Relations With Australia

Australian Trade Minister Cited

BK0612100693 Kuala Lumpur Voice of Malaysia in English 0800 GMT 6 Dec 93

[Text] The visiting Australian Trade Secretary Peter Cook says he will find a constructive basis to improve strained relations between Malaysia and Australia. At the news conference in Kuala Lumpur today, Mr. Cook expressed the hope that a line can be drawn to make a constructive [words indistinct] that had raised real concern about the shared economics and business interests.

Mr. Cook is in Kuala Lumpur to present a paper entitled "Collaborating for Success—The Pacific Rim Decade" at the Pacific Rim Business Collaboration Symposium. He will leave for Geneva tonight to chair the Cairns Group meeting.

On Australian Prime Minister Paul Keating's remarks about Datuk Sri Dr. Mahathir not being present at the Seattle Asia-Pacific Economic Cooperation summit recently, Mr. Cook hopes it will be solved between the two governments.

Defense Minister on Mending Ties

BK0612150393 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 6 Dec 93

[Text] Defense Minister Datuk Sri Najib Tun Razak said Australian Prime Minister Paul Keating should take some positive steps to resolve the current problem faced by Malaysia and Australia following Keating's remarks, which degraded Dr. Mahathir Mohamed. Datuk Sri

Najib said that the Australian premier should do something positive and meaningful to end the current row. However, it is up to Australia to decide on the kind of action that it wants to take.

Najib, who is also the chairman of the Cabinet Committee on LIMA '93 [Langkawi International Maritime and Aerospace] exhibition is scheduled to meet with Australian Defense Minister Senator Robert Ray on Wednesday. Senator Ray arrived in Malaysia today to attend the opening ceremony of the LIMA '93 exhibition.

In the meantime, Deputy Prime Minister Datuk Sri Anwar Ibrahim said in the report on Keating's television interview in Australia yesterday, during which Keating said that he had already explained the whole issue, did not indicate that he did not have the intention to mend ties. [sentence as heard] Commenting on Keating's explanation, Datuk Sri Anwar said the content of the interview does not reflect Keating's attitude toward mending the strained ties.

Mr. Abdul Razak Ahmad, chairman of Johor State's Malaysian People's Party [MPR] said the scenario of the current deteriorating Malaysia-Australia ties can only be mended if Keating apologizes to Datuk Sri Dr. Mahathir. MPR urges that Keating extend his apology to Dr. Mahathir. He said that MPR fully supports the government's and all related agencies' moves to cancel all forms of negotiations and cooperation with the government and companies of Australia.

Defense Cooperation Unaffected

BK0712070093 Kuala Lumpur Voice of Malaysia in English 0600 GMT 7 Dec 93

[Excerpt] Defense Minister Datuk Sri Najib Tun Razak says defense cooperation between Malaysia and Australia such as personnel exchange and joint military exercises under the Five-Power Defense Arrangement, the FPDA, will not be affected by the diplomatic row. He said in the interest of regional security, the multilateral arrangement should not be compromised. However, he said where procurement is concerned, Malaysia will not necessarily buy Australian equipment. An Australian company is bidding for the multibillion ringgit ship building program for the Royal Malaysian Navy. [passage omitted]

Singapore

Lee Kuan Yew, Minister View Wage Scales in Riau

BK0312120193 Singapore THE STRAITS TIMES in English 3 Dec 93 p 1

[By Tan Lian Choo in Hainan]

[Text] Haikou (Hainan)—Singapore has every intention of going ahead with the industrial development of Batam

and Bintan. Senior Minister Lee Kuan Yew said here yesterday. But, he warned, this planned development must take into account the increasing competitiveness of China and Vietnam to attract foreign investments. Batam and Bintan offer Singapore completely different opportunities from what China offers, especially proximity, said Mr. Lee.

Any Singaporean investor who has his family living in Singapore and who finds the returns on his investments in the Riau islands worthwhile would prefer to go there instead of to China. However, noted Mr. Lee, there were no minimum wages in China or Vietnam.

"We should approach this in a level-headed way. The commitments we have undertaken for the Riau islands, we must proceed with. But of course, they must increasingly respond to the competition in China. If, as a result of misjudgement, they up wages artificially in Batam or Bintan, they will price investors out. No expansion will take place."

Mr. Lee made these remarks to Singapore journalists at a briefing yesterday to wrap up his 16-day tour of Vietnam and three of China's bustling coastal provinces. Brigadier-General (Res) George Yeo, Minister for Information and the Arts and Second Minister for Foreign Affairs, who has accompanied Mr. Lee throughout, was also present. Although Mr. Lee made no direct reference to Indonesia's minimum wage policy, it was apparent that recent trends in the Riau islands had troubled him.

A report earlier this year said the minimum wage in Batam would be raised in October from 5,550 rupiah (S\$4.20) to 6,750 rupiah (S\$5.15) a day, making it the highest in Indonesia.

According to recent Indonesian news reports, the daily minimum wage for Riau province, where Batam and Bintan are located, is about 2,700 rupiah (S\$2).

Mr. Lee warned that raising wages artificially, ignoring regional market forces, will spell trouble ahead. He said Singapore learnt its lesson in 1985, when it had raised wages too much. The Republic slumped into a recession after that.

Mr. Lee said ASEAN countries must respond increasingly to China's and Vietnam's competitiveness. He noted that Indonesia had already begun to make adjustments to liberalise its home investment climate after seeing investments slow down. Liberalisation in investment laws is necessary to stay competitive, he said.

Brig. Gen. Yeo said that he believed wages in Batam, left to market forces, would rise steadily eventually. He compared the rise of labour costs in Batam to that of China's coastal provinces where high growth had attracted migrant workers from other provinces as well as raised wages. But these rises were market-determined and not imposed artificially.

"To try and jack it up artificially, I think, would create the opposite result," he said.

Brig. Gen. Yeo said China's economic transformation was of such a historic proportion that every country, including Indonesia, would have to respond to it.

Oct Trade Registers 14.5 Percent Growth

BK0412145093 Singapore THE STRAITS TIMES in English 4 Dec 93 p 48

[Text] Singapore's trade continued to register double-digit growth of 14.5 per cent in October, and with only two more months to be accounted for the growth rate for the whole of this year looks set to be three times last year's. For the first 10 months, total trade volume expanded by 18.7 per cent, or more than thrice the 5.6-per cent rise for the whole of last year.

Latest Trade Development Board [TDB] figures released yesterday showed that total trade volume rose by 14.5 per cent in October. Total imports increased by 15 per cent, which was slightly higher than the 14-per cent rise in total exports.

Domestic oil exports continued to soar, rising 30.5 per cent. Re-exports also registered a robust 13.1 per cent rise. However, non-oil domestic export growth slowed to 9.3 per cent.

The TDB said October's non-oil domestic exports came mainly from increased demand for integrated circuits, computers and peripherals, video cassette recorders and telecommunication equipment.

Import volume went up because of more deliveries of integrated circuits, disk drives, sound recording apparatus, colour television sets electronic components and motor cars. In addition, two aircraft and a few ships were imported during the month.

In terms of export markets, growth in non-oil domestic exports to Malaysia was a robust 29.6 per cent. Non-oil domestic exports to Hongkong, Taiwan and Australia also grew strongly at 30.3 per cent, 25.1 per cent and 30.6 per cent respectively.

Non-oil domestic exports to the United States grew by 8.9 per cent, while those to Japan rose 12 per cent. However, non-oil domestic exports to the European Community was an anaemic 0.5 per cent, while those to Thailand fell 12.3 per cent.

Total imports and total exports in the first 10 months of this year rose by 19.2 per cent and 18.4 per cent respectively. Non-oil domestic exports were up 19.4 per cent, re-exports climbed 18.8 per cent and domestic oil exports increased 16.8 per cent.

The value of direct exports to China during this period soared 74.2 per cent to \$2.44 billion from the same period last year. In contrast, direct imports from China only edged up by 4.5 per cent to \$3.15 billion.

The first 10 months' exports to Vietnam amounted to \$1.26 billion, while those to Cambodia totalled \$488 million.

Cambodia

Ranariddh Calls on Khmer Rouge To Stop Fighting

BK0412132393 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 1100 GMT 4 Dec 93

[Excerpts] On the morning of 4 December, First Prime Minister Prince Krompreah Norodom Ranariddh of the Kingdom of Cambodia, paid a visit to the Stoeng Chral hydroelectric dam in Sre Ambel District of Koh Kong Province to study plans to restore it.

Accompanying the prince were His Excellency [H.E.] Ing Kiet, state minister and minister of Public Works and Transport; H.E. Pu Sothirak, minister of industry, Mines, and Energy; and several other officials. On that occasion, Prince Krompreah Norodom Ranariddh made the following remarks:

[Begin Ranariddh recording] [passage omitted dealing with the dam restoration] Availing myself of this opportunity, I would like to appeal to the Khmer Rouge group to put a halt to fighting and killing. The group is urged to respond to a proposal by our king. I, Ranariddh, have already done my utmost. I am ready to meet with Mr. Khieu Samphan; however, the latter is asked to change his position. If Mr. Khieu Samphan is a real patriot, he should come here and see and help protect this region. When I talked about the poor security situation, I implied that it was caused only by him, nobody else; therefore, he is asked to stop causing it. He should ensure protection and help rebuild this dam to supply electricity to small factories, thereby providing jobs to our compatriots. [passage omitted] [end recording]

In the afternoon, Prince Krompreah Norodom Ranariddh and his delegation visited the 51st Battalion of the Khmer Royal Armed Forces at the Borei Chulong base in Kirirom region. He donated 800,000 riel, medicine, and cigarettes to the armed unit. The prince also visited the Kirirom airfield and a damaged palace there.

Today, Prince Krompreah Norodom Ranariddh and the delegation returned safely to Phnom Penh.

Ranariddh Ready for 'Step by Step' Talks

BK0612123293 Phnom Penh AKP in English 1015 GMT 6 Dec 93

[Text] Phnom Penh AKP December 6—Cambodian first prime minister, Prince Norodom Ranariddh, has said he was ready to hold talks with the Khmer Rouge Leader Khieu Samphan in coming days.

Prince Ranariddh said on Saturday that if the Khmer Rouge agreed to an immediate ceasefire, the Cambodian

Government would be willing to integrate the Khmer Rouge army into the new coalition government's armed forces.

"I am ready to hold talks with the Khmer Rouge to resolve the real national reconciliation problem," Ranariddh said.

"We demand first a clearly proclaimed general ceasefire by the Khmer Rouge. It is a first necessary step to go further," he said at the Kirirom hydro-electric station in southern Cambodia.

Prince Ranariddh said the Khmer Rouge wanted to meet between December 8 and 10, but he was not available then, "but I am ready," he said, "it will be a meeting soon between me and (Khmer Rouge president) Khieu Samphan."

Prince Ranariddh said a step by step approach was possible and that the guerrillas would not be required to surrender territory before being given official roles in the armed forces.

He also said the Khmer Rouge had more or less fulfilled demands, made as preconditions to offering the guerrillas a role in government, that is call a ceasefire, dismantle its guerrilla army and surrender Khmer Rouge controlled territory to the central government.

"I will stress very clearly that Khieu Samphan has to come up with something new and issue orders to their combatants to stop fighting immediately," he said.

On the rebuilding of the "Kirirom" hydro-electric station, the prince said he wanted the work to be finished by 1996.

Austria has promised to build dam and water pipes and provided spare-parts in repairing the above-electric station.

Chea Sim Thanks PRC Ambassador for Aid

BK0712065293 Phnom Penh AKP in French 0357 GMT 7 Dec 93

[Text] Phnom Penh 7 Dec (AKP)—Samdech Chea Sim, acting head of state and chairman of the National Assembly, recently received Mrs. Xue Yuee, PRC ambassador to the Kingdom of Cambodia, in Phnom Penh.

Samdech Chea Sim thanked the Chinese Government for its precious reconstruction aid to Cambodia. He praised China for kindly looking after the health of His Majesty King Norodom Sihanouk and stressed that the king, who is being treated in Beijing, is quickly recovering due to the efforts of Chinese doctors.

He expressed his conviction that the diplomatic mission of the ambassador brings an important contribution to expanding the multifaceted cooperation between the two countries.

In her reply, Mrs. Xue Yuee pledged to do everything to develop the bonds of friendship and cooperation between China and Cambodia. She highly appreciated the role of King Norodom Sihanouk in national reconciliation and in the reconstruction of the country.

Chea Sim Condemns Khmer Rouge 'Hostile Acts'

BK0412123093 Phnom Penh AKP in English 0956 GMT 4 Dec 93

[Text] Phnom Penh AKP December 4—Chea Sim, acting head of state and president of the National Assembly of Kingdom of Cambodia, held talks here on November 30 with Austrian ambassador to Cambodia Herbert Kroll.

During talks Chea Sim expressed thanks to Austrian Government for providing assistance to Cambodia for its rehabilitation and national reconstruction.

With regard to the Khmer Rouge [KR] problem, he recalled King Norodom Sihanouk's efforts in the process of national reconciliation.

He demanded that the Maoist faction give up all military activities against the royal army, hand-over its areas of control to the government and demobilise its troops.

Chea Sim also denounced the Khmer Rouge's hostile acts against the local people which cause many deaths and destroy the people's belongings, mostly in the remote area.

For his part, Austrian ambassador informed the Cambodian leader of the upcoming visit of a delegation of Ministry of Foreign Affairs of Austria with the view to promoting the cooperation between the two countries and examining the Austrian aid projects to Cambodia.

Herbert Kroll also made known of his government's help to restore hydro-electric dam in Kirirom.

On the same day, the Austrian diplomat was received by Mr. Ieng Muli, minister of information.

Editorial Says Government Rejecting Talks

BK0412022993 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 3 Dec 93

[Editorial: "Some Members of FUNCINPEC and the Buddhist Liberal Democratic Party Ask: The Prince Father the King Has Put Forward a Number of Proposals for Meetings and Talks on National Reconciliation; Why Does the Two-Headed Government Reject the Prince Father's Proposals?"]

[Text] Some members of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] and the Buddhist Liberal Democratic Party have expressed this view: The entire Cambodian nation, both at home and abroad, has welcomed and expressed a willingness to assist and support

the proposal made by the prince father the king in a study article on the Cambodian problem. He devised some measures and proposed meetings and talks between the two-headed government and the Party of Democratic Kampuchea [PDK] in the spirit of national reconciliation and unification. This will enable us to gather sufficient national forces to solve the Cambodian situation, which he clearly sees as being in complete darkness. The Cambodian nation and people strongly yearn for national reconciliation and peace. Why does the two-headed government refuse to implement the prince father's fine initiative?

This is in full opposition to the prince father's plan to reconcile, unify, and rally the nation. This also clearly shows opposition to the will of the people, who want national reconciliation and peace so that there can be sufficient national forces to solve the nation's problems. These include the people's poverty, which is a most serious problem facing the nation, due to the influx of 3 million Vietnamese and the annexation of Cambodia's territory, sea, and islands by the communist Vietnamese through agreements and treaties among the puppets, the communist Vietnamese, and their allies to tear up the Cambodian nation and people.

Members of these two parties also say: Look at the communist Vietnamese state authorities in Phnom Penh and the countryside; they are in complete control of Cambodia. At the top—that is, in Phnom Penh—Vietnam's puppets control 99 percent of state authority. In the countryside, there is no need to talk about it; Vietnam's puppets are 100 percent in control. There is not even a shadow of FUNCINPEC or any other party.

In the military sector, Vietnam's puppets control the general staff down to groups and sections. On the battlefield, Vietnam's puppets are destroying FUNCINPEC and Para [non-communist] forces by incorporating various Para units and placing them under the puppets' wing. Another method the puppets use to destroy the Para troops is killing them on the battlefield, particularly those who hesitate to carry out the orders of communist Vietnamese puppets. The situation is moving from bad to worse. It will not be long before all Para troops completely disappear.

All types of Para forces have clearly witnessed this situation. They have mutinied against the communist Vietnamese ringleaders. They have successively deserted the battlefield and defected in Stoung, Kulen, Choam Khsan, Samraong, Route 68, and on other battlefields, for example.

Member of these two parties say: Not only has the situation on the battlefield deteriorated to this point, but there is also the danger of Vietnam annexing Cambodia. How long do people want to play the game of the communist Vietnamese and Western allies? Do not nurture any hope that the Western allies can defeat Vietnam. The Western allies and Vietnam will let Cambodians fight one another, and Vietnam will reap the

benefits. Vietnam will use the opportunity to bring more Vietnamese forces to Cambodia, so that they reach 5, 7, or 10 million people. They are transforming Cambodian society into a Vietnamese one.

This is a very serious threat to survival of the Cambodian nation. Once Vietnam has the strength, there will be nothing left. Everything will be finished; both the nation and the people. Everyone will be Vietnamized. This is why, in our view, if the prince father's national reconciliation policy is not implemented, there will not be sufficient national forces to oppose and prevent Vietnam from annexing Cambodia.

On this issue, as the prince father said, he has carried out his duty. He has proposed meetings and talks between the two-headed government and the PDK. This has not been carried out, however. The two-headed government will be fully responsible for the demise of the Cambodian nation and race.

The Cambodian national forces and the Cambodian people, however, will continue to hold aloft the banner of patriotism and unswervingly continue the struggle to safeguard our beloved nation and motherland in accordance with the national reconciliation policy of the prince father the king.

KR Spokesman Denies Kompong Thom 'Offensive'

BK0512010693 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 4 Dec 93

["Denial by the National Army of Democratic Kampuchea spokesman concerning the slanderous accusation that the National Army of Democratic Kampuchea has launched a large-scale offensive in Stoung, Kompong Thom"; dated 4 December—read by announcer]

[Text] I. Hun Sen and various propaganda machines have recently made ill-intentioned and slanderous accusations that the National Army of Democratic Kampuchea [NADK] has launched a large-scale offensive against people's villages and houses in Stoung, Kompong Thom.

II. The NADK spokesman categorically and firmly rejects these slanderous accusations that try to change black into white and vice versa. These are slanderous accusations that serve dirty political goals aimed at fueling the war in Cambodia.

III. What is the purpose of Hun Sen's slanderous accusations and under what circumstances were they made?

1. These slanderous accusations are a pretext for opposing the new five-point proposal put forward by King Norodom Sihanouk on 21 November 1993 to solve the nation's serious problems through talks, discussions, consultations, and working meetings, with each side softening its respective stance.

2. These slanderous accusations were made as a pretext for declaring open war on the Cambodian nation, people, and Cambodian national resistance forces. They were made to serve the policy and strategy of the communist Vietnamese and their allies to get Cambodians to fight each other. They were made to serve the communist Vietnamese strategy of attacking nationalist Cambodians so that the Vietnamese and their allies can divide Cambodia, suck its blood, and gnaw at its bones in accordance with their own interests. In particular, they will enable the Vietnamese to continue bringing in people to absorb and exterminate the Cambodian race in a demographic war.

It should be recalled that in early November 1993 in New York, United States—as a henchman of the communist Vietnamese—Hun Sen loudly and shamelessly declared that he is willing to sacrifice 500 Cambodian lives to eliminate and chase all national resistance forces out of Cambodia.

Is this a statement by a Cambodian or a communist Vietnamese?

IV. What is really happening in Stoung, Kompong Thom?

1. In addition to their attack on Phnum Chhat last August, the communist Vietnamese and their allies have launched large-scale offensives using Phnom Penh's troops as the spearhead and basic force. Some people were bought off with dollars while others were forced to attack and commit aggression against people's villages and districts and indiscriminately kill people. People's houses were burned and their property and cattle stolen. The national resistance forces were attacked in Stoung, Kompong Thom.

2. Hundreds and thousands of families have fled, abandoning their villages, districts, houses, land, paddy fields, and the cattle they have nurtured. They have sought refuge in the mountains and forests in some of the Party of Democratic Kampuchea's liberated zones in order to escape from bullets, tanks, and multiple rockets. Hundreds of women, children, and elderly people have lost their lives. Some were executed, robbed, arrested, and maltreated; others died of malaria, dengue fever, and diarrhea.

3. No longer able to endure the hard life in the mountains and forests, and in order to return to their villages and districts to harvest rice, these people joined the NADK at the end of November to liberate their homes in (Khum Beng), Krayea, and Sakream in Stoung District, Kompong Thom.

Have the Cambodian nation and people been told about all of this? No. Instead, accusations were made in order to change good to bad and white to black, through the communist Vietnamese theory of a thief crying: Stop thief.

V. The entire Cambodian nation and people know and are clearly aware of what is a deceitful, deceptive, and slanderous lie and what is the truth. They know what is aggression, treason, and selling off the nation and what is patriotism. They know who is killing the nation and people and who is fighting to defend the nation and people.

Our nation and people have gone through, fought, and directly taken part in battles. The Cambodian nation and people do not need the communist Vietnamese trick of the thief crying: Stop thief. They do not need these pretexts for continuing the war. They want national reconciliation and peace. They want to solve national issues through peaceful means.

[Dated] 4 December 1993

[Signed] The NADK spokesman

Indonesia

Suharto on Results of Trip, Next APEC Meeting

BK0612074793 Jakarta THE INDONESIA TIMES in English 29 Nov 93 p 1

[By our reporter]

[Text] President Suharto said Friday that as chairman of the Asia-Pacific Economic Cooperation (APEC), Indonesia will not take unilateral step, but everything will be taken through consensus.

Suharto made the statement in replying to newsmen's questions at press conference on board from Tehran to Jakarta. Suharto has just completed his trip to three countries—Tunisia, Seattle (United States), and Iran.

"Indonesia will implement policies taken by APEC informal meeting by consensus. As APEC chairman, Indonesia will not take its own policy," Suharto said.

Suharto said that Indonesia might have ideas to transform what is meant by free trade that is right for APEC. But every decision will be taken by consensus and step by step. "Give Indonesia the opportunity to develop itself to become a new industrialised country by the year 2000," Suharto added.

Suharto indicated that [at] the informal meeting of APEC economic leaders in Blake Island, they recorded no concern that the developed members would dominate APEC.

"APEC will not be similar as NAFTA and other economic groups," Suharto said. He indicated the meeting took place in a friendly atmosphere to promote economic cooperation among the member countries although APEC gathers developed, new developed, and developing countries.

The informal dialogue, according to the president, has created a new economic architect for Asia-Pacific economic cooperation. "Interdependence and the differences of economic conditions of APEC members will create ASPAC [Asia-Pacific] economic forum," said Suharto.

Replying another question, President Suharto said that Indonesia would try that Malaysian Prime Minister Mahathir Mohamed would attend the second APEC informal meeting in December 1994.

"ASEAN atmosphere is a different thing. We will try to have him attend the meeting," Suharto said.

Suharto added that before the informal meeting, APEC finance ministers will evaluate the implementation of a seven-point APEC economic vision declared at the end of the first informal meeting in Blake Island on 20 November. APEC gathers the U.S., Japan, Canada, Australia, New Zealand, South Korea, Indonesia, China, Taiwan, Hong Kong, Malaysia, Singapore, Philippines, Thailand, and Brunei. The new members are Papua New Guinea and Mexico.

In his informal talks with Malta president during an overnight stopover, Suharto indicated an offer for a triangle cooperation between Indonesia, Italy, and Tunisia to build textile and garment industries in Malta. In such a cooperation Indonesia will supply machine tools, while Italy will procure capital and marketing and Tunisia allocates land and manpower. Indonesia has established textile industry with Tunisia. Indonesian private textile company Texmaco group supplied machine tools for a textile industry in Tunisia.

In his meeting with Iran President Hashemi Rafsanjani, President Suharto recorded a criticism against Indonesian businessmen. The same criticism also came from Tunisian President Ben Ali that Indonesian businessmen are less active compared with businessmen from Malaysia and South Korea to explore the fields where they could cooperate.

"Therefore, we will encourage Indonesian businessmen to increase their business activities in the countries," Suharto said. Tunisia and Iran are the main gates for Indonesian products to the Central Asia.

Suharto and Rafsanjani, in a joint statement issued at the end of Suharto's visit in Tehran Friday, recognized that there is great potential to be realized and reaffirmed their commitment to consolidate and deepen relations in the political, economic, technical, scientific, and cultural fields. The two presidents considered the establishment of contact and cooperation between ECO [Economic Cooperation Organization] and ASEAN as fruitful and positive and expressed willingness to assist its realization.

The two sides expressed their desire to maintain and increase their joint consultation and cooperation in contributing to the maintenance and strengthening of

regional and global peace and stability. The two leaders have also exchanged views on the latest developments in Cambodia, Afghanistan, Central Asia, the Caucasus, Somalia, and Southern Africa and stressed the necessity for peaceful settlement of issues pertaining to these situation. Otherwise, they expressed grave concern at the continuation of the tragedy in Bosnia-Herzegovina and stressed the imperative of restoration of territorial integrity and sovereignty of the republic.

Editorial on Leaders' Attendance at APEC Forum

BK0612135793 Jakarta THE JAKARTA POST in English 22 Nov 93 p 4

[Editorial: "Asia Pacific Vision"]

[Text] Cynics or dissidents like Malaysian Prime Minister Mahathir Mohamed may see the informal leaders meeting of the Asia Pacific Economic Cooperation [APEC] forum in Seattle as simply insignificant. But when the leaders of 15 countries, defying differences in cultures, traditions, races, religions, political systems and disparities in stages of development, can emerge with a shared vision of their future economic cooperation, they should be commended for their achievement.

In fact, we think the results of the APEC ministerial meeting and informal summit clearly show that the consultative forum has a great sense of realism and priority. For one, the meetings did not push for an institutionalization of the forum nor did they make immature commitments to a free trade area concept. This reflects the realistic awareness on the part of APEC's leaders that such moves, as we cautioned in this column on November 15, may stretch the forum beyond its dynamism to bear.

The forum is also fully aware that an open, free global trading system is the most fundamental factor for regional economic cooperation. It's no wonder that foremost in the Economic Vision Statement from the APEC leaders there is a strong recommendation for a successful conclusion of the Uruguay Round of global trade talks on GATT, which is already two years behind schedule. This message, coming from a group that accounts for 40 percent of the world's trade and 50 percent of the world's output and represents a market of more than two billion consumers, as well as the world's most dynamic and fastest growing economies, must carry a great deal of weight. As American President Bill Clinton, the host of the leaders' meeting, bluntly put it, "The message to Europe is we want this to be a united, but open community. We want Europe to work with us to get a good GATT agreement by the end of the year."

Clinton implicitly warned that if Europe continues to obstruct the successful conclusion of the GATT negotiations beyond the December 15 deadline, the continent would suffer economically, rather than reaping benefits from its common market. We think this time the message is much stronger than the previous ones expressed at the APEC ministerial meetings over the last four

years, as it was reaffirmed by the APEC heads of government. There was even a strong hint that APEC's ministers may convene an emergency meeting should the GATT talks collapse.

It is also encouraging to note that the APEC leaders, instead of resorting to warning of a possible trading bloc of their own vis-a-vis Europe, reemphasized open, free trade as the foundation for the growing interdependence of their economies and committed themselves to reducing trade and investment barriers. This commitment fully supports the earlier decision by the APEC ministerial meeting to set up a Trade and Investment Committee with the task of liberalizing and expanding trade and investment between member nations, as well as outside the region. Realizing that economic cooperation is meaningless without vigorous private sector participation, the APEC leaders also called for the establishment of a Pacific Business Forum to facilitate business networks across the region.

The momentum has been created for further strengthening the growing sense of community among APEC members. APEC leaders have agreed to convene another informal summit in Indonesia next year, after the annual ministerial meeting. This is a great challenge for Indonesia, which besides being currently the chair of the Non-Aligned Movement, will lead APEC's two important meetings next year. Indonesian diplomacy will be greatly tested to maintain the APEC momentum, provide substance to the sense of community and, at the same time, defend ASEAN's common interests and tread carefully in dealing with the future of the Malaysia-initiated East Asian Economic Caucus.

Suharto, Malaysian Military Chief Discuss Island

BK0412105693 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 4 Dec 93

[Text] At Merdeka Palace this morning, President Suharto received a courtesy call from Malaysian Chief of Defense Forces General Tan Sri Abdul Rahman bin Abdul Hamid, who was accompanied by Indonesian Armed Forces Commander Gen. Feisal Tanjung. Speaking to reporters after the meeting, Gen. Tan Sri Abdul Rahman quoted President Suharto as saying that he was satisfied with the cordial relations between the armed forces of the two countries and hoped it would continue to grow.

Commenting on the disputed Sipadan island, Gen. Tan Sri Abdul Rahman said the issue would be settled peacefully as agreed by the two sides. Meanwhile, Gen. Feisal Tanjung also quoted President Suharto as saying that the disputed island issue would certainly be settled because the two countries are fellow ASEAN members and belong to the same Malay race. President Suharto also called on Malaysia to find an early solution to the issue while not allowing the younger generation or future leaders to shoulder the burden. The current leaders should be able to solve the issue.

Government Dismisses UNHRC's Accusation

BK0212155793 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 2 Dec 93

[Text] Indonesia has dismissed views by a UN Human Rights Commission [UNHRC] consultant who has accused the government of violating the aboriginal people's human rights. The accusations are totally groundless because in the last 25 years, the government has in fact paid close attention to aboriginal people's welfare.

Tri Rahmadi, director in charge of promoting isolated communities of the Social Affairs Department, said this in Jakarta today in response to remarks made in Kuala Lumpur by (Helen McNoville), a consultant to the UN Human Rights Commission, who claimed that Indonesia was one of the four countries that had violated the aboriginal people's human rights. Tri Rahmadi noted the accusation is completely wrong because the truth is that the government has always made efforts to improve the aboriginal people's living standards and upgrade their skills to enable them to take part in national development. During the first Long-Term Development Plan, the government has extended assistance to 93,525 aboriginal families or about 497,600 aboriginal people, who are often described as isolated communities, by resettling them in 407 rehabilitation centers in 20 provinces.

Portugal's 'Accusations' on E. Timor Regretted

BK0312130293 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 3 Dec 93

[Text] Indonesia has expressed regret to the Portuguese Government which continues to launch baseless accusations against the country and distort facts about East Timor. A press release issued by the Directorate of Foreign Information Service of the Foreign Affairs Department received by Radio Republik Indonesia this evening says that such allegations are not based on facts or reports given by independent observers. Such allegations will undermine current dialogues being held by the two countries aimed at finding a solution to the issue in a fair and comprehensive way, as well as acceptable to the international community.

E. Timor Governor Calls for Autonomy in East

BK0612134993 Jakarta THE JAKARTA POST in English 22 Nov 93 p 2

[Text] Dili, East Timor (JP)—East Timor Governor Abilio Jose Osorio Soares has said Jakarta should ease its grip on the eastern region of the country if it is dedicated to wiping out poverty in that region.

"It's high time for the central government to give wider autonomy to all provinces to manage their own respective domestic affairs," Soares told THE JAKARTA POST in an interview last week.

"If it continues its centralistic policies, the poverty in the eastern region of Indonesia will never be eradicated," he added.

Soares also proposed an economic triangle between East Timor, South Sulawesi and Australia's Northern Territory. He again stressed that such economic cooperation can only be realized if local administrations are given more authority, like the ability to issue export and investment permits.

Currently permits for exports are issued in Surabaya and the central Investment Coordinating Board in Jakarta issues investment permits. The governor said the central red tape prevents foreign investors from easily obtaining permits to invest in eastern region of the country.

Soares said if the idea of the economic triangle is developed, it will boost the export of many commodities—including coffee, cashew nuts, tuna, copra, and sandalwood.

Businessman Manuel Viegas Carrascalao said there has been an economic colonization of the eastern region of the country by the country's power center in the west. He said economic decisions are made in Jakarta and that this encourages investment in the western region. The poverty in eastern Indonesia will not be eliminated in the next 25 year long term development program, he added.

Carrascalao said many Australian investors want to invest in East Timor, but the unclear local situation and lack of direct flights hinders their plans.

Student Still Detained for Criticizing Suharto

BK0612155393 Jakarta THE JAKARTA POST in English 29 Nov 93 p 3

[Text] Jakarta (JP)—As of Saturday, police were still holding one of the five students nabbed for circulating anti-Suharto stickers during an anti-SDSB [philanthropic donation with prizes lottery] protest at the House of Representatives on Thursday.

Lieutenant Colonel Latif Rabar spokesman for the city police, said on Saturday that four of the students, identified as Abdul Majid, Abdu Rasyid, Zubair Hasan and Cecep Syahrudin, all from the National Institute for Islamic Studies (IAIN), were released on Friday evening while Nuku Suleiman, a student of the Nasional University, UNAS, who chaired an NGO [Non-Government Organization] the Pijar Foundation remained in the custody of Central Jakarta police.

Nuku was arrested at 1 a.m. [1800 GMT] on Friday at the Pijar office in East Jakarta for involvement in what Latif said "defamed the President."

"The four students of the IAIN who have been released are to serve as witnesses to his case," said Latif.

It was reported that stickers reading "Suharto dalang segala bencana: SDSB. Nipah, Haur Koneng, Dili, Tanjung Priok (Suharto the mastermind of all disasters: SDSB, Nipah, Haur Koneng, Dili, Tanjung Priok) circulated among the student demonstrators during the hearing between legislators and Minister of Social Services Inten Suweno on the future of the SDSB lottery on Thursday. The hearing led to the landmark decision to scrap the lottery.

The source of the stickers remains unknown.

"I am unable to comment on why he (Nuku) has been detained. His case is not pure crime as it contains some 'other aspects'," said Latif, refusing to give details on what he meant by 'other aspects'.

Latif said Nuku had been detained once before at the Matraman police station for "involvement in a physical assault on 'people' in a fight some months ago".

Latif refused to elaborate on the circumstances of Nuku's prior detention.

In a related development, Pijar staff members appeared perplexed as Nuku was reportedly scheduled to marry his fiancée, also a Pijar activist, on December 5 in Kebumen Central Java.

"The invitations have been sent. We don't know if the marriage will be canceled," said Donny Ahmad, a Pijar staff member.

Donny said Nuku's bride-to-be had left for Kebumen several days before his arrest to prepare for their wedding party.

"Someone has gone there to notify her about his arrest," said Donny.

Commentary Views Opposition Party's Congress

BK0312123993 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 3 Dec 93

[Station commentary]

[Text] The extraordinary congress of the Indonesian Democratic Party [PDI], which started yesterday and ends on 6 December in Surabaya, is being held following the unsuccessful PDI congress in Medan last July. In view of the fact that PDI constitutes our national asset and political force, we deeply regret the internal rift taking place within the party.

The PDI's internal rift during its congress in Medan this year and even during the party's congress in 1986, which culminated in the decision to allow the government to solve its internal problems, are basically caused by the party's failure to unite and integrate other political parties into the PDI in 1973. Up to now, political elements within the PDI, namely, the Indonesian Nationalist Party, IPKI [Association of Supporters of Indonesian Independence], Parkindo [Christian Party of

Indonesia], the Catholic Party, and Murba Party have not been fully united under the PDI. These elements have always wanted to occupy the post of PDI chairman while forgetting their decision to merge into the PDI.

This time, the government has firmly stated that it does not want to interfere in the congress proceedings. As for the existing rivalry vying for the post of PDI chairman, Minister-State Secretary Mardiono, who spoke on behalf of President Suharto, Coordinating Minister for Politics and Security Affairs Susilo Sudarman, Home Affairs Minister Yogie S.M., and Armed Forces Commander General Feisal Tanjung, stressed that there will never be any candidate favored by the government. As such, the success of the extraordinary congress in Surabaya depends solely on the congress participants themselves, consisting of the PDI's own cadres.

During the ongoing congress, the political maturity of these cadres will be tested and they must preserve the party's unity and integrity so as to justify the support they have received from their grassroots followers. These cadres congregating in Surabaya must ponder the significance of the votes the party has received in several past general elections. Their supporters will definitely be unhappy if the congress is turned into a forum for participants to throw mud at each other and destroy the 20-year-old merger.

It is indeed not easy to maintain the unity of the PDI, a party with different political elements inside it. It must be remembered, however, that one of our outstanding democratic characteristics is not the assertiveness to voice one's views or to ability to show the best argument, but the willingness to hold consultations for the sake of unity and integrity.

Even though there are now three or four contenders vying for the post of party chairman, while only one of them will be elected. We hope that it will not lead to the emergence of new rival groups within the party after the election. As soon as the congress is over, party members must continue to be united and fully accept any decision adopted by the congress. The failure of the earlier congress in Medan must be considered a valuable lesson if PDI does not want to disappoint its supporters. The rivalry among the contenders should not be derived from the existing elements within the party. The rivalry should instead be based on the merits of the party program offered by each contender. In short, all congress participants must act sincerely, because PDI cadres are also the nation's cadres and thus constitute national assets.

Editorial Discusses Ways To Protect Copyrights

BK0612121193 Jakarta THE JAKARTA POST in English 20 Nov 93 p 4

[Editorial: "A Persistent Problem"]

[Text] The heyday may indeed be over for pirates of brand name products. Ever since a new Trademark Law

went into effect in April to promise better protection for trademark owners on the one hand and stiff penalties for unauthorized users on the other, stealing brand names has, at least legally, become a business in which major risks are involved. Under the terms of the new law, property rights violators, for example, can be imprisoned for up to seven years, or made to pay fines of up to Rp [Rupiah] 11 million, or about the equivalent of up to US\$50,000.

Still, anyone knows that fakes of popular and well-known brand products, ranging from garments and perfumes to watches and electronic goods, abound in shops in all the big cities of this country. The same, of course, holds true for computer literature and software. Although not as widespread as during the good old days of laissez-faire, counterfeit items are still around and on open display in many of the less reputable computer shops in Jakarta and elsewhere. Their presence, therefore, has long been an open secret and occasional police raids would surprise no one.

Even so, the results of the operation that was held last month by Indonesian police authorities in cooperation with the Business Software Alliance (BSA) and the Association of American Publishers (AAP) must have been a true eye opener as to the extent of the scourge for most of us. In what was said to be the largest haul ever in a single operation in Asia, police were reported to have confiscated more than 17,000 copied computer software manuals and an untold number of diskettes of pirated software. Two suspects were said to have been arrested. The raid followed more than 18 months of investigations by the AAP and the BSA.

Spectacular as the case may be however, this is not the first time that problems have arisen since the coming into effect of the new Trademark Law earlier this year.

Quite recently, the renowned French designer and businessman Pierre Cardin aired his dismay over the presence of loopholes in the new law which allowed litigation against him by profiteers who had registered the Pierre Cardin brand name as theirs. What fueled the French designer's dismay was a lawsuit, filed against his company by an Indonesian company based in Jakarta, which specializes in making unauthorized copies of Pierre Cardin garments and leather products.

During a visit by Cardin to the Indonesian Minister of Justice Utojo Usman at that time the minister reportedly offered a way out by instructing the Trademark and Patent Office to reject any renewals of registrations of leading brand names by unauthorized parties. Clearly, such concern over shortcomings in the legal aspects of the matter can be of considerable help in the government's efforts to discourage pirating and encourage foreign business in this country.

There is, however, another important aspect which warrants the serious consideration of everyone concerned.

The fact is that, in the case of prestige consumer products, the piracy of brand products will be almost impossible to stop as long as the product's "snob appeal" lures the masses. In the case of computer software and literature, where quality and features rather than prestige primarily account for the product's popularity, the problem may be a little bit different. Nevertheless, a core of similarity remains.

For that reason we think there is considerable good sense in the statement of AAP executive Stephen Smith that a number of computer companies are willing to set up joint ventures in this country to bring down the prices of the original products. Of course, neither remedy can stand on its own. Both have to go hand in hand if optimal results are to be attained.

Laos

Sympathy Message Sent to SRV for Typhoon Victims

BK0612111793 Vientiane KPL in English 0736 GMT 6 Nov 93

[Text] Vientiane, December 6 (KPL)—Lao PDR [People's Democratic Republic] President Nouhak Phoumsavan, on December 1, sent a telegram of sympathy to Vietnamese President Le Duc Anh over a violent typhoon sweeping across three provinces of Vietnam: Phu Yen, Thanh Hoa and Dac Lac, which caused considerable damage to life and property of the people there.

The telegram said: "On behalf of the government and people of Laos and on my own, I express to you, and through you, to the government and people of Vietnam, particularly the victim families, our profound sympathy and condolences over the loss." I believe that with their effort, the government and people of Vietnam would be able to remedy the damage and bring the living conditions of the people in the three storm-stricken areas back to normal.

President Greets Thai King on Birthday

BK0412102593 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 4 Dec 93

[Text] His Excellency Nouhak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], has recently sent a greetings message to His Majesty the King of the Kingdom of Thailand on the king's 66th birthday. The message reads as follow:

On the celebration of the occasion of Your Majesty's 66th birthday and the national day of the Kingdom of Thailand, I, together with the Lao people, would like to pay high respects to Your Majesty. I wish Your Majesty happiness and long life. I also wish the Thai nation, under Your Majesty's great merits, progress and prosperity, and wish the Thai people ever more happiness.

I am elated to note that over the recent years, the long-standing relations of fraternal friendship between the two peoples of Laos and Thailand, as well as the good-neighborly cooperation between the LPDR and the Kingdom of Thailand, have been harmoniously developed and strengthened. I am convinced that these fine, traditional relations will be increasingly and fruitfully promoted and expanded.

Cooperation Agreement Signed With ROK Company

BK0512103793 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 4 Dec 93

[Text] A cooperation agreement between the (Nikolop) Company of Laos and the (Dongha) Company of South Korea was signed in Vientiane on the evening of 1 December. Signing for the Lao company was Vinai Inthavong, chairman of the (Nikolop) Company, and signing for the South Korean side was (Chang Yuk-wi), deputy chairman of the (Dongha) Company. The joint implementation of the agreement will begin this year and will continue for five years. According to the agreement, during the five-year period, various construction projects, including the hydroelectric power, irrigation, and airfield projects, will be built. The investment cost for these projects amounts to more than U.S.\$200 million. The agreement also stipulates that the (Nikolop) Company is allowed to hold at least 10 percent of shares in all the construction projects.

The (Nikolop) Company is a private Lao company founded in 1976. It has engaged in the furniture, hospital, auto-repair workshops, and auto sale trading businesses. As for the (Dongha) Company of South Korea, it is a leading construction company ranked no. 4 in South Korea. It is capable of building airfields, wharves, hydroelectric power dams, and bridges. This South Korean company has made investments in many countries.

Meeting Held on Reducing Drug Demand, Supply

BK0612105993 Vientiane KPL in English 0738 GMT 6 Nov 93

[Text] Vientiane, December 6 (KPL)—The first tripartite review meeting of the pilot phase of the project for drug supply and demand reduction in north-western Laos was held in Houai Sai on 26 November, according to a UNDCP [United Nations International Drug Control Program] release.

The meeting was attended by the governor of Bokeo Province and by representatives of Bokeo and Luang Namtha Provinces, together with representatives of the Committee for Planning and Cooperation, the Lao National Commission for Drug Control and Supervision, the Ministry of Agriculture, the United Nations International Drug Control Program (UNDCP) and the Norwegian Church Aid (NCA).

The meeting reviewed the progress of the project since its inception in April 1993 and discussed the workplan for 1994. So far the project has established operative structures in the target areas of Nam Chouan in Houai Sai and Long in Luang Namtha and has provided training in project management to project and national staff. Health and education surveys have been conducted, on the basis of which to define a community development strategy for implementation during the next phase of the project. Feasibility studies for road construction and for small scale irrigation have also been undertaken and road construction and upgrading initiated in both provinces. Rice banks have been set up in all the target villages of the two provinces to assist villagers to attain food security and reduce reliance on opium growing.

The pilot phase of the project will terminate in October 1994 and is expected to be followed by a larger phase after evaluation of activities carried out. So far UNDCP and NCA have contributed 900,000 and 150,000 [U.S. dollars] respectively to the project.

Philippines

Sabah Not on Agenda for Talks With Malaysia

BK0612052093 Manila THE MANILA CHRONICLE
in English 2 Dec 93 p 3

[By Manny Mogato]

[Text] The Philippines will not discuss its territorial conflict with Malaysia when a joint commission formed to enhance bilateral ties between the two countries meet for the first time next week in Manila.

Instead the joint executive-legislative advisory council handling the Sabah issue yesterday agreed to create a legal committee to tackle the settlement claims of the heirs of the Sultan of Sulu over the oil-and timber-rich East Malaysian state.

Emerging from a three-hour meeting with President Ramos in Malacanang [presidential office], Foreign Undersecretary Rodolfo Severino told reporters the Sabah issue "is not on the agenda of the joint commission."

A joint commission formed last July by President Ramos and Malaysian Prime Minister Mahathir bin Mohamad to strengthen bilateral ties between their countries will hold a five-day meeting here starting 6 December.

"We are improving, strengthening and advancing our relations (with Malaysia) in putting the Sabah issue aside," Severino said, adding that the commission's meeting next week would focus on ways to enhance bilateral cooperation.

On top of the proposed agenda for the meeting is the formation of an East Asian growth triangle involving Mindanao, East Malaysia, East Indonesia and possibly Brunei.

The idea of a growth triangle that will promote trade and investments was first broached by President Ramos during his visit to Malaysia early this year.

Other possible items on the commission's agenda are:

- Status of Filipinos in Malaysia including some consular problems that have cropped up;
- Bilateral trade and investments;
- Finalization of an agreement on border crossing and joint patrol;
- Improved cooperation in agriculture;
- Trade issues such as the reduction of Philippine tariffs on Malaysian palm oil;
- Consular matters including the reciprocal setting up of consular offices in both countries; and
- Increased cooperation in tourism.

The creation of the legal working group which will be headed by a representative of the justice department, is the first big step taken by Manila to settle the country's claim on Sabah.

Severino said the committee would deal with all the legal aspects of the issue, including the proprietary claims of the heirs of the Sultan of Sulu.

He also said the Sabah issue was no longer considered a hindrance by both Manila and Kuala Lumpur to the evolving political and economic relations between them.

Scheduled to arrive next week for the joint commission meeting is Malaysian Foreign Minister Abdullah bin Haji Ahmad Badawi whose visit, sources at the Department of Foreign Affairs (DFA) say, is "groundbreaking" since the two countries have not exchanged official visits for a long time since the Sabah issue cropped up.

Top Malaysian officials have come to the Philippines to attend multilateral and Asean meetings but not for bilateral official purposes. "This is groundbreaking in the sense that no one on his level has come for a long time," the sources said.

Mr. Ramos' visit to Malaysia in January was also the first in five years and did much to ease long-standing animosity due to the Sabah dispute.

Badawi and Foreign Secretary Roberto Romulo will preside over the meeting of the joint commission.

Taiwanese Use Batanes for 'Illegal Activities'

BK0612010693 Manila MANILA BULLETIN in
English 1 Dec 93 p AT-4

[By Juan Dait Jr.]

[Text] Basco, Batanes—The many uninhabited islands in this province are being used as transshipment points

for illegal activities such as human smuggling, gunrunning, illegal shipment of drugs and destruction of marine resources here.

This was exposed by the Federation of Batanes Cooperatives Incorporated in a petition sent to President Ramos through the Office of the Presidential Assistant for Poverty Alleviation, Nongovernment Organizations, Peoples' Organizations and Cooperative Affairs.

The federation asked the president to allow the lease of the uninhabited islands to local cooperatives and foundations to assure the protection and conservation of the province's vast marine and natural resources.

Florante B. Gato, chairman of the federation, said that Batanes has 450,000 hectares of territorial waters. Beneath its seabed, he said, may lie vast deposits of oil and gas which could make the province the "Fortress of the North."

Gato said that the uninhabited islands are being used as camps by Taiwanese nationals engaged in poaching corals, destruction of fish sanctuaries and illegal fishing through the use of dynamites and cyanide.

"We can hear the blasting by the dynamite fishermen," the coop official said.

He said that Philippine Coast Guard patrols are helpless in putting a stop to the continued exploitation of the province's marine resources.

The federation appealed to the chief executive to order a revision of Executive Order No. 473, known as the Philippine-Taiwan Sea-Lane Agreement which according to the organization, is being used to abuse the country's marine resources.

The federation also asked for assistance in the acquisition of one transport vessel, which is to be managed and operated by the organization, to provide a regular means of sea transportation to Manila from this province and back.

European Union Supports MNLF Peace Talks

BK0612040893 Manila MANILA STANDARD in English 2 Dec 93 p 2

[By Joem H. Macaspac]

[Text] The 12-nation European Union, formerly the European Economic Community, has thrown its full support to efforts by the Ramos government to forge a lasting peace with the Moro National Liberation Front (MNLF) and finally settle the secessionist rebellion in Mindanao, according to the Department of Foreign Affairs (DFA).

The DFA said the official statement of support was received last week by the Philippine Embassy in Brussels, Belgium.

In related news:

—Former Philippine Constabulary Brig. Gen. Edgardo Abenina on Tuesday blamed the delay in peace negotiations between the government and the military rebel group Rebolusyonaryong Alyansang Makabayan (RAM) [Revolutionary Nationalist Alliance] to simple communication lapses.

However, rebel leader Gregorio Honasan told media also on Tuesday their talks with the government will resume Thursday at the Philippine Center for Economic Development (PCED) at the University of the Philippines [UP] campus in Quezon City.

—Former National Democratic Front (NDF) spokesman Satur Ocampo on the other hand said peace negotiations between government and the Communist Party of the Philippines may push through January instead of this December in the Ho Chi Minh City in Vietnam.

The delay, he said, will allow the resolution of some technical problems in preparatory arrangements with the Vietnamese Government.

The DFA said the European Union expressly commended President Ramos for his government's peace initiative aimed at national reconciliation in the Philippines.

In its letter, the union said the cessation of hostilities in Mindanao for the duration of the formal peace talks which will begin on 14 February 1994, will be a step toward a comprehensive durable and mutually accepted solution to the country's long-standing internal conflict.

It also called upon all parties including rightist rebels and the communist insurgents to participate in the peace effort and produce the desired political stability that would trigger the Philippine's economic development before the turn of the century.

Vice Gov. Nabil Tan of the Autonomous Region for Muslim Mindanao (ARMM), a member of the government negotiating panel with the MNLF told the government news service PNA in Cotabato City Monday their talks with the MNLF will resume December.

Tan, however, declined to specify if the talks with the MNLF will be in Mindanao as earlier reported or in Manila as speculated in Cotabato by ARMM sources.

On the stalled Government-RAM talks, Abenina said the delay occurred when the government panel led by UP Law Professor Alfredo Tadiar waited for RAM to coordinate with them, while they waited for the Tadiar group to get in touch with them.

Honasan, meanwhile, expressed confidence the peace talks will achieve "real peace and meaningful changes" beneficial for the people.

"It will be a long and painful process but I believe the talks are moving in the right direction and the government and our panels can do it," he told media during the wedding of a RAM leader in Camp Crame Tuesday.

Peace negotiations with the RAM had posted greater headway compared to similar talks with the MNLF and the CPP-NPA-NDF [Communist Party of the Philippines-New People's Army-National Democratic Front] until last September when the talks suddenly stopped after one session was postponed.

Negotiations with the MNLF, on the other hand, gained much ground when the government panel chaired by former Ambassador Manuel T. Yan and the Muslim group led by Nur Misuari met from 25 October to 8 November in Jakarta.

President Ramos, following his return from a 14-day working visit to the United States, instructed various organs of government to follow through the initial agreements reached with the MNLF in Jakarta.

On the other hand, government-CPP peace negotiations were scheduled 14 November in Ho Chi Minh City in Vietnam, the venue proposed by the NDF panel.

Ocampo denied that rifts within the revolutionary movement have hindered the progress of the peace process. He stressed there is no factionalism "within the movement, only misunderstanding."

CPLA Members Cause 'Undue' 'Fear' in Ifugao

BK0612013093 Manila PHILIPPINE DAILY
INQUIRER in English 1 Dec 93 p 6

[By Victor Luacan]

[Text] Lacawe, Ifugao—The provincial peace and order council is demanding the immediate pullout of members of the Cordillera People's Liberation Army [CPLA] under former rebel priest Conrado Balweg from the province.

In a resolution, the council said the presence of the CPLA men in the province was "causing undue alarm and fear among the people."

Balweg's men are reportedly engaged in treasure hunting activities at Sitio [village district] Yukko in Barangay [village] Baguinge in Kiangnan town.

Governor Albert Pawingi, council chairman, said Kiangnan residents were very apprehensive about the presence of Balweg's men because the latter were often seen going around the community in their motorbikes and carrying their firearms and communication gadgets with them.

Pawingi said the stay of Balweg's men in the area was illegal because, he added, it had no official sanction from the provincial government.

Balweg said his group has been doing "treasure research," not treasure hunting as claimed by Pawingi, in Kiangnan since last 8 June.

He said the treasure research will concentrate on artifacts believed buried in the area. He also denied that he was recruiting or training new CPLA members.

Thailand

Commentary Examines Events at APEC Summit

BK0512034493 Bangkok THE SUNDAY POST in
English 5 Dec 93 p 24

[Commentary by Peter Maitri Ungphakon: "Apec: Questions remain unanswered"]

[Text] The Clinton charm worked its magic at the Asia Pacific Economic Cooperation group (Apec) meetings in Seattle two weeks ago; Asean officials and leaders did not know what hit them.

A senior Thai official said US President Bill Clinton swept through Seattle like an "emperor" leaving everyone else bowing in his path; a casual emperor, that is, in checked shirt and leather jacket. One Australian commentator argued afterwards that the Asians had allowed themselves to serve as a backdrop for Mr Clinton's own domestic agenda. But Mr Clinton had barely flown out of Seattle when the crisp sunshine that had adorned most of the week disappeared behind dark clouds that brought forth a freezing drizzle. Visibility narrowed, and with it, the apparent clarity about Apec also started to dim. Viewed now, the answers to a number of questions are not as obvious as they may have seemed that week.

The problem with the Clinton charm was not so much the magic itself. There is much to be said in favour of being on good terms.

In that sense the unique necktie-less meeting on Seattle's Blake Island of 12 genuine and two surrogate leaders from Apec (in deference to China's sensitivities, Hong Kong and Taiwan sent senior economic officials, not leaders) was a real achievement.

The relaxed atmosphere and Mr Clinton's good humour played a valuable part, and the leaders ought to be able to work together better in future. But the spirit of "community" that is supposed to have been born out of Blake Island has not been enough to inspire any of the 14 to try some neighbourly intervention in the almighty row that has blown up between two Apec members—Malaysia and Australia—after Australian Prime Minister Paul Keating called Malaysian Prime Minister Mahathir Mohamed "recalcitrant" for boycotting the informal summit.

Nor does the problem lie in the outdated question of whether Asean is to be subsumed in a group that includes such giants as the United States, Japan and China.

The claim, made by a Malaysian columnist in the BANGKOK POST earlier this week, that Asian countries are more interested in the Kuala Lumpur-promoted East Asian Economic Caucus [EAEC] than in Apec is also wishful thinking in most cases. EAEC would exclude the United States and Canada, and Australia's chances of joining must be much slimmer now.

Lower Barriers

Rather, the central question is whether Apec's friendliness could send destructive messages around the world. A question that was always present but which never really broke through to the surface in Seattle was Apec's role in the world and how non-members are going to react to the group's ambitions.

It is the reason why countries such as Asean insisted that Apec concentrate on global liberalisation through the General Agreement on Tariffs and Trade (Gatt) rather than on creating a Pacific free-trade area or community. The answer is not yet clear.

Essentially, the question is whether the European Union (EU, formerly the European Community) will feel comforted or threatened by the statements that emerged from the Apec meetings. For example, on Blake Island, during the group's first informal leaders' meeting on November 20, Mr Clinton spoke to reporters about Apec being open, not closed.

"If you asked me to summarise in a sentence what we've agreed," he said "it is this: We've agreed that the Asia Pacific region should be a united one, not divided. We've agreed that our economic policies should be open, not closed. We've agreed that we should begin to express that conviction by doing everything we possibly can to get a good Gatt agreement by December 15."

One European diplomat in Bangkok confirmed that the EU is watching Apec closely. For the time being, he said, the Europeans note that "all the noises from Seattle" stress that Apec will have to be compatible with Gatt and that any trade created within Apec should be matched by trade created between Apec and the rest of the world.

"I don't think we're complacent, and I don't think we should be complacent," the diplomat added.

Apec does not want to alienate anyone, and keenly wants to help the world trade talks end successfully. These objectives are probably genuine. But Apec contains an inherent problem: its size.

All countries, when they set up regional trading and investment arrangements, argue that they are creating trade for the rest of the world, not diverting trade, because they are not raising any new barriers.

The European Single Market, the North American Free Trade Agreement (Nafta), the Asean Free Trade Area are all constructed around that argument. But if all countries in the world, except one, agree to set up a free trade area, the country that is left out could easily suffer loss of trade

simply because it is excluded, without anyone having to raise any new barriers. It would certainly not grow as fast as the other countries, and would feel alienated.

Somewhere, between "all countries except one" and the likes of the Single Market or Nafta, is a threshold. Apec could be large enough to be beyond the threshold so that any internal liberalisation could hurt non-members.

This is not a matter that has been studied rigorously enough to provide figures one way or another, but Apec's size and its statistical dominance in the world are beyond dispute. As its leaders are fond of reminding us, two-thirds of exports from Apec countries go to other Apec countries, and 40 percent of world trade is within the region.

A Question of Interpretation

At the same time, there are two sides to the Clinton rhetoric about lowering barriers in the Pacific region. In his long policy speech to the host committee of the Apec meetings on November 19, his emphasis was on combating protectionism. In that light, any talk of lowering barriers could be interpreted as an argument for global liberalisation. But even within that speech there was a new US bargaining position that has never appeared in Gatt talks. Mr Clinton said his demand for trade barriers to come down in the Pacific region would be a condition of the United States continuing to provide security in the region.

"We do not intend to bear the cost of our military presence in Asia and the burdens of regional leadership only to be shut out of the benefits of growth that stability brings. It is not right, it's not in the long-term interest of our Asian friends, and ultimately, it is a trade relationship that is simply not sustainable. So we must use every means available in the Pacific as elsewhere to promote a more open world economy through global agreements, regional efforts, and negotiations with individual countries."

The call for market access in return for bearing the cost of the military presence was probably directed mostly against Japan, but Mr Clinton was not ruling out other Asian countries as targets.

Mr Clinton could also be saying that the United States is willing to use every bargaining bullet in its armory to push down other countries' barriers, globally, regionally, bilaterally and even unilaterally.

Would this mean the United States reciprocating by lowering its own barriers? Only by inference--that Washington would have to bargain, particularly if markets are to be opened globally or regionally.

Whether the American public understood that there might be more than one side to a deal is open to question, and what the American public understands is of vital importance, as the Nafta debate showed.

The American public is more likely to have paid attention to the kind of statement Mr Clinton made just after the Nafta vote in the House of Representatives on November 17:

"We must continue the fight to lower foreign trade barriers which slow economic growth here in the United States and around the world," he said at the White House.

"Tomorrow I go to Seattle to meet with the leaders of 15 Asian-Pacific economies. I will ask (them) to work toward more open markets for our products. When I return, I'll reach out to the other market-oriented democracies of Latin America to ask them to join in this great American pact (Nafta) that I believe offers so much hope for the future. And next month (December) we will urge our European and Asian competitors to complete work on the world-wide trade agreement that can literally create hundreds of thousands of jobs here in the United States, as we open markets all across the globe."

He made the same kind of proclamation before flying out to Seattle the following morning, and again upon his arrival at the Boeing air field a few hours later.

With that kind of talk, the American public could easily have understood that Mr Clinton was on a campaign to open others' markets without giving too much away.

Reinforcing that view would be the bargain Mr Clinton apparently struck with the American textiles lobby in return for some representatives' votes in favour of Nafta—that Washington would insist on a 15-year period for phasing out its textile import quotas under a new Gatt agreement, instead of the previously agreed 10 years.

(This, incidentally, puts a protectionist slant on Nafta because it would mean North America retaining barriers on textiles from Thailand and other countries in return for allowing Mexican textiles freer entry to the United States and Canada.)

Irresistible Momentum

But during Apec week, Mr Clinton was on a roll, two thirds of his way through his Nafta-Apec-Gatt "triple-play", and irresistible, even for the normally cautious Asean.

Still basking in the Clinton sunshine, Thailand's Deputy Prime Minister Suphachai Phanitchaphak was clearly willing to excuse the US president's apparent forgetfulness. He said that implicit—but omitted—in Mr Clinton's statements was the qualification that any lowering of barriers, even by Apec members, would be for members and non-members alike and that they would be negotiated globally.

Thai Commerce Minister Uthai Phimchaichon took a different line. Speaking in Tokyo on the way back from the United States, Mr Uthai said he would propose a

change of tack in Dr Suphachai's International Economic Relations Committee.

The committee was wrong to have been cautious about Apec; Thailand should endorse the group wholeheartedly, Mr Uthai said. Asked whether this might cause misunderstandings in Europe, Mr Uthai replied that Thailand should not worry about the Europeans since two of its major trading partners, Japan and the United States, are in Apec.

Asean was officially cautious about moving Apec ahead fast, and about holding a second leaders' meeting. "Let it be from time to time, but not part and parcel of Apec," said Malaysia's International Trade and Industry Minister, Datuk Sri Rafidah Aziz, when asked on November 19 about leaders' meetings.

But the following day, prompted by South Korean President Kim Yong-sam and responding without much hesitation, President Suharto invited the leaders to a return match in Indonesia next year. Dr Mahathir's absence in the Blake Island Native American long house went virtually unnoticed.

There was nothing anyone could do to stop the momentum. Hosting Apec summits—even if they are called something else—has become prestigious. Without the leaders' presence, 2,500 journalists and camera crew members would not have turned up in Seattle. After Seattle, holding an Apec ministerial meeting without the circus would be a come-down. And no political leader sound of mind would forego the opportunity for the kind of media coverage that Mr Clinton received.

President Suharto is said to have mumbled something about having to look at next year's agenda first, but so far Apec has always been able to find an agenda to fit the occasion.

A Philippine delegate complained good-humouredly afterwards that his country had been scooped. President Fidel Ramos was planning to invite the leaders when Manila (not Kuala Lumpur as previously reported) plays host to Apec in 1996.

After Seattle this year and Indonesia next year, Japan in 1995 and the Philippines in 1996 are unlikely to want to be outdone. A Thai official says the Japanese have already said they want to host a summit.

The leaders' meetings therefore appear set to become an annual event. Apec's emphasis could switch away from more mundane but concrete activities such as its 10 work programmes and the new trade and investment cooperation framework. Instead, Apec could turn into an organisation focused mainly on its summits, perhaps resembling the Group of Seven (G-7) leading industrial countries.

"I hope it doesn't," said one US official involved for several years in Apec matters. Substance would make way for glamour, a prospect that officials who have worked on Apec activities would not relish.

Accord, or Accordion?

Patrice de Beer, a senior foreign desk editor with LE MONDE, says Apec is like an accordion. "The more air you put into it, the more noise it makes." But, according to a Thai official, two issues are likely to keep Apec going on more than hot air: the Eminent Persons Group report, and the framework for trade and investment cooperation.

Asean successfully prevented Apec ministers from endorsing the call in the report by the Eminent Persons Group for an Asia Pacific Economic Community, and for a specific date to be set—1996—for Apec to start moves towards internal liberalisation.

Nevertheless, the group has been asked to clarify what it meant by "community"; and so long as the group is alive, the question of internal cooperation is also likely to be kept alive.

With the creation of a new committee to work on the trade and investment framework, cooperation in these areas is also going to continue on the Apec agenda, and countries such as the United States and Australia will have ample opportunity to keep the pressure on the go-slowers.

Seattle's outcome therefore brings some satisfaction to all sides of the argument, including the Eminent Persons Group, whose future was in some doubt.

Multi-lateralists such as Dr Suphachai took comfort from the main achievement, the major concrete decision from Seattle—an enhanced offer for eliminating or seriously cutting tariffs on a number of products to be tabled by Apec members at the Uruguay Round negotiations in Geneva. This served to underscore the priority Apec says it attaches to global liberalisation.

Mr Clinton gained added kudos from his bilateral meetings with Chinese President Jiang Zemin and Japanese Premier Morihiro Hosokawa even though he had to field tough questions about contradicting himself and putting trade before human rights in his dealings with China.

Mr Jiang clearly enjoyed the welcome he received from the United States and from Boeing, the Seattle-based aeronautics company, which is virtually sustained by massive orders from China. Mr Clinton did comment on human rights in China and was rewarded with a 15-minute lecture from Mr Jiang on not interfering in other countries' internal affairs.

"It was... pointed out that the trilateral [as published] relations between Japan and the United States are extremely important in the Asia-Pacific region and would have important influence on relations among the region as a whole," Mr Hosokawa said after Blake Island.

He managed to leave Seattle without having to commit Japan to allowing rice imports.

And Thailand's Chuan Likphai impressed many with his grasp of international economic issues, an area that was totally new for him. Officials say he worked hard studying his briefing papers. He stressed in meetings with Mr Clinton and on Blake Island that for Thailand, having international rules and standards in trade is of utmost importance. There were severe cracks within the Thai delegation, but for the most part, these remained behind the scenes for a change.

Article Examines Air Force Radar Project

BK0512051293 Bangkok THE NATION in English
5 Dec 93 p A14

[Article by Gary van Zuyien]

[Text] The story so far: Bt [baht] 500 million in alleged off-the-book commissions; an Bt8 billion 'secret' budget; Air Force top-brass reshuffled three times but the first team still controls the project which involves the acquisition of hi-tech equipment worth billions of baht and which is largely unproven. More recently, there has been talk that this contract could kick-start the political career of at least one disgraced former general.

This describes the Royal Thai Air Force's [RTAF] RTADS III project, an acronym for the third stage of a security radar air defence system based in the southern province of Surat Thani.

Were all the subcontracts added together? RTADS would easily rank as one of Thailand's largest ever military hardware purchases. The Don Muang-based Phase I was worth about Bt2.5 billion, Phase II has been put on hold as the northern reaches of the country are not considered a security risk at present, and Stage III is worth all up around Bt6 billion.

What makes this project all the more complex, is that all details are confidential—due to the national security implications, the sophisticated technology involved, as well as the appropriate timing, relative to the political aspirations of some generals. That secrecy of course cloaks irregularities as well as legitimately confidential details.

Two years have gone by since five international electronics giants and their local agents submitted bids to the RTAF. Nearly one year ago, two companies were short-listed after bidding Bt4 billion and Bt6 billion respectively, even though neither offer had the lowest price and one was largely incomplete.

Unisys Corp, then called Systems Development Corp, completed the first phase of the project in 1989 after bidding back in 1985. Yet its 1992 bid was thrown out altogether. That generated the first complaint. There had been many amendments to the RTAF specifications for the system, the responsibility for at least some of the confusion lying with the competing firms, as the Air Force had already accepted the fact that it didn't have the technical ability to set the specifications.

With allegations of impropriety flying around and serious questions regarding the capability of the main radar component not answered, former RTAF commander ACM [Air Chief Marshal] Kan Phimanthip announced Westinghouse Electronic Systems, a division of the huge American defence contractor Westinghouse Corp, the winner in September. Locally, the global giant was supported in a "lobbying sort of way" by Thai Communications Co and Siam Teltech Co. The final bid was \$180 million (Bt4.5 billion), with a further Bt1.4 billion budgeted for earthworks to be carried out directly by the RTAF.

The contract with Westinghouse had to be signed by the end of October—that was when Kan came up for retirement. The deadline passed before any signatures hit the paper.

Now ACM Siriphong Thongyai holds the reigns in the Air Force and he hasn't done anything. Sources say a new committee is in the throes of being established, but nothing official has been heard.

RTADS is awfully hi-tech. In fact, what Thailand is getting matches any other air defence system in the world. Put simply, the system is a nationwide weapons guidance and control network linked and backed up by satellite. As ideally described, the system would pinpoint almost instantaneously the location and types of aircraft heading into Thai-controlled airspace in the event of a war. In reality though, the system can track and control all Thai aircraft in sector-by-sector operations, using Don Muang as a central control.

There is little disagreement over whether or not Thailand actually needs such advanced equipment. The National Security Council (NSC) has given the green light to the project, thus opening the coffers for the Air Force. The civilian government has apparently approved funding, yet the money reportedly will travel in a round-about way through a maze of 'secret' budgets, thereby enabling the expenditure to remain off the Budget Bureau's books. This method of implementation, together with allegations of seriously deficient hardware and the hovering political career of former military strongman ACM Kaset Rotchananin makes the RTADS III project the kind of stuff that makes up best-selling books.

The latest twist of the tale sees a technical link-up between RTADS III and Thai Telephone and Telecommunications Co's (TT&T) concession for the installation of one million upcountry telephone lines. Knowledgeable sources on the fringe of negotiations have confirmed that talks between potential contractors to both parties have taken place.

There has been a change in specifications for the project of interest to TT&T. The change concerns the backbone communications system and was allegedly altered from being microwave-based to a land-line fibre optics-based system. Thus RTADS III will now require 1,200 km of fibre optic lines, supposedly laid on State Railways land.

The link to the telephone installation contract is that it too will require hundreds of kilometres of line in the southern regions of upcountry Thailand. Sources claim that huge sums of money will be saved if both projects can utilize the same fibre optic installation. At least some, possibly all of this massive savings will then be passed on to the Air Force top-brass previously involved, the same ones that are now making noises about playing politics.

These questions remain open in addition to others about Westinghouse's W-2100 radar, which forms the extension to its ARSR-4 surveillance system. The radar is not yet built, therefore not certified in the United States. This component alone accounts for more than 30 per cent of the total price of the Westinghouse bid.

Westinghouse representatives, who were in Thailand for the Thai Airshow '93 in September, deny that the W-2100 radar is sub-standard and unproven. They point to installations already operational in the United States. As for a comment from either Thai Communications Co, or Siam Teltech Co, neither is talking.

What is known for sure is that the whole Westinghouse ARSR-4 project has attracted considerable publicity after malfunctions (animals registering as aeroplanes) during testing in the United States. Some of the problems are allegedly linked to the company's inability to obtain professional computer software language specialists. Similar equipment was part of the cancelled (for nonperformance reasons) US-Saudi Arabia Peace Shield contract.

Also on the RTAF's table is an alternative bid by second-placed Hughes Corp. Its first revised bid was for \$197 million (Bt4.93 billion), but a Bangkok-based company representative says that with simple amendments to the radar component, Hughes can reduce the price to \$162 million (Bt4.05 billion).

To be sure, from a technical viewpoint RTADS III is a highly sophisticated project that only experts can comprehensively understand. But that doesn't disqualify the many questions unanswered—with a select few current and past Air Force generals hiding behind the excuse of so-called national security.

Indeed, specific parts of the network may be sensitive and should therefore be withheld from the general public, but this kind of thinking doesn't apply to the evaluating methods and huge differences in bid proposals. It is quite possible that ACM Siriphong follows this line of thinking and that is why he has held up the contract signing.

Article on Need To Reduce Size of Military

BK0512032293 Bangkok THE SUNDAY POST in English 5 Dec 93 pp 20, 21

[Article by Sombat Raksakun: "Restructuring a bloated military"]

[Text] The Cold War may be over, but its legacy will not be easy to live down. The size of the military in this country, suited to counter a communist threat, is too big and extravagant in peacetime.

Of the three armed forces, the Army seems to face the most daunting task in cutting its ranks. An informed source in the Army said that more than 70 per cent of its budget is spent on salaries and cost-of-living allowance, and about 40 per cent of this is spent on retirement benefits and severance pay.

This is most worrisome for the armed forces. Supreme Commander ACM [Air Chief Marshal] Woranat Aphichari and the Army Commander-in-Chief Gen Wimon Wongwanit have voiced concern about the necessity of reducing the number of unnecessary units and posts in the forces. It is unfair to accuse the present army chief of doing nothing to tackle over-staffing because the Army's problem is chronic and has accumulated over a long time.

"The Army's huge recruitment was conducted in the Cold War climate of the time. It was not wrong if we considered cause and effect carefully because at that time the country was under a terrible communist threat, and the casualties caused by both internal and external battles were high," said an army major.

"Society uses soldiers to fight and die in wars to protect national sovereignty. But when they survive the wars, society treats them like a burden. Is this fair?" he asked.

People often think that the armed forces want to maintain its size because they want to maintain power, but the fact is military size is not necessarily a decisive factor. The Army's problem is what to do with retired soldiers. Commanders cannot simply eject their men from the forces without any place to put them. The retired soldiers would become a social burden if society does not help to provide them with an alternative living.

"Naturally, no military commander wants to have too many personnel because it means a huge burden and inefficiency. Everyone dreams about having mobile forces or high-tech armed forces—lethal, versatile, smaller but effective," said the major.

In reality, the idea of reducing personnel has long been initiated by military commanders, ever since the collapse of the Communist Party of Thailand. Gen Chawalit Yongchaiyut, the former Army chief, had announced plans to make the Army "smaller but effective." His idea was successively carried out by Gen Suchinda Khraprayun, and the present Army Chief Gen Wimon Wongwanit continues to do the same.

The principle of forces reduction is acceptable among military officers if it is economically necessary and spending cuts are done with reasonable consideration and understanding, he said.

"The reduction or restructuring should not originate from feelings of revenge or be used to pressure the armed

forces," the officer said, referring to pro-democracy groups, who after the military's brutal crushing of pro-democracy demonstrations on the streets of Bangkok in May '92—in which scores of people were killed—pressured the Government to restructure the armed forces and eliminate some units with the intention of preventing another coup.

The officer claimed that maintaining a large armed forces can also be seen as one way to balance a developing country's disadvantage in military technology.

"As long as the country cannot provide the armed forces with expensive sophisticated weapons, society should recognise that maintaining a large army is the best alternative. Society must balance the high cost of a high-tech weapon systems with that of a large-scale armed force," said the deputy infantry battalion commander. It is impossible to reduce troops with no investment in high-technology weapon systems, otherwise the balance of power would be tilted.

"We know that national priority has shifted from security to economics. But the attempt to reduce or restructure the armed forces should come from an understanding of its distress and burden," said a lieutenant-colonel who commands an infantry battalion in Bangkok.

"Force reduction and defence budget cuts are two different issues which civilians always confuse. Reducing the number of troops might mean an increase in the defence budget because the country must pay more to buy modern weapon systems to plug the hole left by the force reduction," the deputy battalion commander said.

The Army greatly enlarged its personnel during the Cold War. In the early 1960s, Thai troops joined the US-led forces in the Vietnam War. Most volunteer soldiers fighting in that war came from the Thai Army, and the Army established new units to fill the void. Army ranks swelled when veterans returned from Vietnam. Later, increasing communist threats and the external threat posed by the Vietnamese invasion of Cambodia combined to make the armed forces, especially the Army, expand. However, the huge expansion of the armed forces during the Cold War is not the main cause of the slow pace of force reduction, said the Lt-Col, adding that a lack of a retirement and reserve system are the real causes.

"An effective retirement and reserve system enables the US and British armed forces to have flexibility during both war and peacetime. Those two countries were able to mobilise troops to fight against Iraqi troops in the Gulf War and quickly reduce their forces to an appropriate size after the war," said the colonel.

With the end of the Cold War and the collapse of communism, western armies are being cut. The United States planned to shrink its army by 25 per cent even before the new Clinton administration took over and

started looking for deeper cuts to pay for its domestic policies. Europe's armies are to shrink by similar proportions.

"On the other hand, the Thai armed forces have no 'flexibility'. They lack effective retirement and reserve systems," he said.

Unfortunately, the creation of a retirement and reserve system is still an unrealistic alternative because the military has limited resources but a lot of duties to fulfill, said another army major. He said that in the US and Europe, when officers think they cannot advance further in their military careers, the armed forces offer an alternative in civilian life, including rank promotion in exchange for voluntary retirement, special enterprises, or a special fund for education and training to prepare them for jobs in the private sector.

"The armed forces should have a system of retirement and reserves to rotate manpower so that the forces continually have younger and fitter men. But in practice, it is almost impossible because Thailand has no enterprises to accommodate the still active retired soldiers like those in the western armed forces. Moreover, armed forces enterprises may be sold any time now under the policy of privatisation," said a major who is a deputy infantry battalion commander.

A measure to lure officers into early retirement in exchange for special education or promotion is still impossible here because it would mean increasing the defence budget in peacetime, an unacceptable move to the public.

Thai society is different from western society in that there is a wide gap between military and civilian life. In Thai society, few people study and understand security and military affairs, the officer added.

Fierce global economic competition, resulting in a shift in priorities from security to the economy, is also making it difficult for society to understand the armed forces' plight.

Nonetheless, the Army has begun to down-size its forces under a ten-year plan begun in 1992, with calls for the abolishment of unnecessary posts and reduced recruiting.

Under the plan, the Army is expected to trim 25 per cent of its total manpower (about 85,000 at present). In the first five years, the Army is expected to cut 15 per cent of its force, to about 51,000, with another 10 per cent being cut in the second five-year period, eventually reducing its forces to about 34,000.

Besides the absence of a retirement system, over-staffing, especially among top-level Army officers, adversely affects the number of personnel in the armed forces. The Army has tried to adjust the number of generals by cutting some unnecessary posts such as deputy and assistant commanders.

The policy will create efficient fighting forces in the long term, but in the short term it will inevitably affect the middle-level officers who already suffer a long wait to climb to the rank of general, blocked by the number of generals at the top.

"I feel I am facing a block and have no opportunity to make 'general' soon because there are too many generals at the top," said one Army colonel. He added that his salary would reach a ceiling next year, which means that he may have to work in the Army for more than ten years without a raise.

"In the service we say the situation is akin to 'working for free.' I had planned to resign from the service at 55 to do other things. I think my life is still valuable and I am still able to do other work," he said.

The record number of high-ranking officers tells the story clearly. The Army has 1,653 high-ranking officers at the top, including 12 generals, 50 lieutenant-generals, 294 major-generals, 1,143 senior colonels and 1,154 colonels.

The problem of over-staffing in the Army is an old one and military leaders have tried to solve the problem since the time of former prime minister Field Marshal Sarit Thanarat. Yet, it seems that every time an attempt is made, the number of posts increases, such as deputy and assistant commanders, to provide relief for the promotion bottleneck at the lower ranks in the armed forces, said former supreme commander Gen Saiyut Koephon.

"The main cause of failure is the lack of fairness among government agencies. Attempts to solve the problem were cancelled every time when they were compared with promotions in other branches of government. If the armed forces alone tried to trim forces, officers would be disadvantaged," he said.

The issue of fairness is illustrated by comparing the Army and the Police Department. The two agencies both have problems with being top-heavy.

The main duty of a deputy or an assistant is to assume duty during the absence of the commander. Therefore, it is not necessary to have many deputies or assistants. But today, some commanders in the Police Department have more than ten deputies without much work to do.

"So, it would be unfair if the armed forces had to reduce posts while the others (the police) have not adjusted," he said.

To solve the problem, the Government must enact new legislation to separate military posts, ranks, salaries and duties from those of civilian government officials. Today, armed forces promotions are still part of the same law that governs other civil servants, with the exception of the judiciary.

"To fight the enemy, officers must command subordinates to confront death bravely on the battlefield, and the work of a soldier is 24 hours a day with no over-time pay," he said.

The salary and welfare of the military today is not competitive because of drastic economic changes. The cost of living is higher but the soldier's salary has not caught up. As a result, the gap in salary and welfare between military officers and comparable executives in the private sector is widening, he said. However, Gen Saiyut agreed that the reduction of generals should begin now, as the longer the armed forces wait, the more inefficient they become.

"It would also be shameful to our country because the armed forces even in many developing countries such as Burma and Indonesia, are able to curb the number of their generals," he said.

More importantly, the honour of the rank of "general" will decline if it can be easily obtained. The performance required to reach the rank of general should be the same around the world, he said. However, the retired general said the success of the forces in reducing and trimming its generals depends on the spirit of sacrifice of men in uniform, especially high-ranking officers who will have to wait longer for promotion.

All high-ranking officers do not think like Gen Saiyut. Another battalion commander said, "For the commanders, ordering their men to confront death and suffering in the battlefield is hard but it is harder still to order them to confront unemployment after the war because it means a loss of faith in their leadership."

Among soldiers facing drastic social change and a higher cost of living, non-commissioned officers seem to suffer most. Unlike educated and high-salaried commissioned officers, they often have no alternative, and the armed forces in the past has concentrated mainly on improving the lot of the lowest ranks, the conscripts.

The consumer culture which is bringing a higher cost of living to Thailand makes it hard for low-paid non-commissioned officers to survive, and they often have to supplement their income with other jobs such as driving motorcycle-taxis.

Vietnam

Visit of U.S. Senator Murkowski Reviewed

*BK0612130193 Hanoi Voice of Vietnam in English
1000 GMT 6 Dec 93*

[Station Commentary]

[Text] U.S. Senator Murkowski said the economic changes in Vietnam are unique. He was speaking during a recent visit to Vietnam, his second visit to Vietnam. His first, was made seven years ago and left a deep

impression on him of Vietnam and its renovation process, which he described as positive. He said that the shift to the market economy is encouraging and different from those of China, the former Soviet Union, or Eastern Europe. Vietnam economy has developed in the right direction.

Speaking about Vietnam-United States relations, Senator Murkowski maintained positive steps have been seen in bilateral ties. He reaffirmed that Vietnam has actively and effectively cooperated with the United States in resolving the MIA issue. He predicted that the U.S. economic sanctions against Vietnam would soon be lifted, and that in early 1994, the Clinton administration will consider and decide to allow United States companies to take part in assistance projects for Vietnam funded by international financial institutions. Also at this time, the U.S. Senate will debate a bill which stipulates lifting most of the provisions in the embargo except for strategic and high technology aspects.

Senator Murkowski said that the process of normalization between Vietnam and the United States was slow but firm. Three American diplomats have been in Vietnam. United States President Clinton has allowed U.S. companies to open representative offices in Vietnam. And last month, a high level meeting between Vietnamese Vice Premier Phan Van Khai and U.S. Secretary of State Warren Christopher was held in the United States.

However, these are not significant steps in bilateral relations. Peoples of the two countries hope that the United States Government lifts its embargo and normalizes its relations with Vietnam, expands economic relations, and strengthens understanding and mutual trust.

Do Muoi Addresses 6th Party Plenum, Part 1

*BK0412060793 Hanoi Voice of Vietnam Network in
Vietnamese 1430 GMT 3 Dec 93*

["Part 1" of a speech by General Secretary Do Muoi at the sixth plenum of the Communist Party of Vietnam's Seventh Central Committee in Hanoi on 24 November—read by announcer]

[Text] Dear Comrades, advisers, and members of the party Central Committee: This party Central Committee plenum is designed to make the necessary preparations for our national party conference. This conference will review the party Central Committee's mid-term performance in implementing the seventh party congress resolution, sum up the progress of renovation since the sixth party congress, further clarify a number of important issues regarding the national construction and defense policy in the new situation, and determine major policies and approaches for carrying out the seventh party congress resolution successfully so as to continue to move our country's revolutionary undertaking steadily forward.

The Political Bureau has forwarded to you, comrades, a draft political report to be presented to the national conference. On behalf of the Political Bureau, I would like to further clarify the following major issues:

1. As for evaluation of the situation, correctly ascertaining the actual present situation is of paramount importance in drawing up objectives and tasks for the next stage.

After nearly seven years of the renovation process, and after two and a half years of implementing the seventh party congress resolution, our people—led by the party—have struggled hard and have made many very important achievements. Although many difficulties, shortcomings, and problems remain, we have—in general—significantly overcome the socioeconomic crisis, firmly maintained political stability, consolidated national defense and security, remarkably broadened our foreign relations, and accumulated untold experience in national leadership and management. These great achievements have brought new strength and stature to the country. This enables us to pay more attention to those strategically important policies and approaches with which we can firmly consolidate what we have gained, shift to a new stage of development, further accelerate industrialization and modernization, and strive to bring our country out of the state of being a poor and backward country.

Amid a complex and changing world situation marked by upheavals and civil disturbances in many formerly socialist countries, with the sudden loss of our source of foreign aid, and with the continued U.S. embargo against our country, what we have achieved shows that our party's renovation policy is correct and that its steps are appropriate. Our national revolution is proceeding in the right direction along the path of consolidating national independence and building socialism.

Our country is still fraught with many fundamental weaknesses, however. Our economy is still characterized by backward agriculture. Our industry is still small. Few material-technical bases have been built, while they are degrading in various respects. Investment in the development of fixed assets is very limited. Annual investment figures are on a downward trend. Economic results are still very poor. Revenue is still unable to offset expenditures. Budget deficits remain high. The foreign debt is still large. Many people are still jobless or underemployed. The bad practices of corruption, smuggling, and illegal dealings continue to be grave.

The state-run economy and cooperativized economy have been slow in renovation and consolidation, while the state-run sector has failed to exercise its leading role in a satisfactory manner. Although the private economy has achieved some growth, it lacks the necessary state management, guidance, and control. The market mechanism is still in the infant stage, full of spontaneous factors. Macromanagement and state intervention and regulation in this domain are still not effective. People's

lives are still fraught with difficulties, especially compatriots in various ethnic minority groups, in former revolutionary base areas, in high-lying areas, and in hard-to-access or remote areas.

The renovation of the political system has been slow. The thoughts of the party and the people are not truly stable. Political security and public order and safety are not good enough.

2. Our country is still among the ranks of poor countries. Our per capita gross national product is still far below that of other countries in the region, as is our average annual development rate. The danger of being left behind is much greater than in neighboring countries. This has been marked by bad consequences for employment, welfare, the loss of confidence in popular support for the regime, and our national defense and security potential. All of these are the current great challenges for our country. Meanwhile, hostile forces are continuing to undermine our people's revolutionary undertaking. The weakness of our party is that it has failed to upgrade to the level required by the revolution. The operational and managerial capabilities of the state apparatus from the central down to the local and grass-roots levels are still too poor to meet the requirements of the new situation. The bad practices of corruption and smuggling are very grave, thus making it more difficult for us to cope with various challenges.

Incidentally, our country enjoys various advantages. Achievements made in the renovation process have created initial conditions—both materially and spiritually, and both in terms of strength and stature—for our country to shift toward a new and higher stage of development. The trend toward peace and stability in the region, the dynamic development of the Asia-Pacific region, and the trend toward international cooperation are on the increase. The trend toward internationalizing economic life under a scientific-technical revolution is developing vigorously. This is creating new advantages and new resources with which to accelerate the tempo of development.

The fact that the country has stood firmly on its own feet and is moving forward amid a challenging situation—with its foreign policy of independence, sovereignty, multilateralization, and diversification—is creating the conditions for us to broaden our international relations and better combine our national strength with international strength and our traditional strength with epochal strength. The most decisive factors are that our people are patriotic and determined to achieve self-reliance. They have never resigned themselves to accept hunger and poverty; they are diligent, dynamic, and creative. Our party is politically firm. It has a correct policy and is united and single-minded. After undergoing many ordeals, the party has accumulated more experience in national leadership and has won the people's trust and support.

With extraordinary efforts to improve the party's leadership qualities and militancy, as well as state management efficiency, and to mobilize the strength of the entire Army and people, it is certain that we will be able to develop our advantages to seize opportunities, dispel odds, and overcome ordeals in steadily moving our revolutionary process forward.

3. Regarding accumulation and investment development and the shifting of structure in the direction of industrialization and modernization, our task of most strategic importance for the period ahead is to continue to renovate our managerial mechanism and our socioeconomic policy to mobilize all the resources of the people to renovate the economic structure through efforts to further step up the industrialization and modernization of the country, accelerate the economic growth rate, further improve the people's material and cultural lives. Only through the conduct of industrialization and modernization can we avoid the danger of being left behind, consolidate and strengthen our political and social stability, defend the independence, sovereignty, and territorial integrity of the fatherland, and firmly maintain the orientations for socialist development.

Of course, we will not conduct industrialization in accordance with the old style, and we will not repeat those mistakes such as hastiness, subjectivism, and willfulness that have been criticized by the sixth party congress. Industrialization is not a simplistic change in the speed and rate of industrial production in the economy, but it is rather a whole process of structural change linked with industrial reform designed to create a foundation for the long-lasting growth with high results of the national economy. Industrialization must be accompanied by modernization. We must coordinate gradual steps for extensive technical development and to create more jobs for our existing large contingent of labor in conjunction with efforts to seize opportunities to stay close to and keep up with extensive technological development, trying to create progressive spearheads up to the world's advanced scientific and technological standards.

It is necessary to carefully weigh the pros and cons of the course of action, scale, and steps of the process of industrialization and modernization on the basis of being thoroughly aware of the following major viewpoints:

—Firmly maintaining independence and sovereignty must be accompanied by efforts to broaden international cooperation, trying to build an open-door economy both at home and abroad, achieve multilateralization and diversification of relations with foreign countries on the basis of strengthening state management, combining the economy with national defense and security, linking economic growth with social progress and justice, and carrying out cultural development and environmental protection.

—Persisting in the strategy to direct vigorous efforts to exports while replacing imported goods with those products that we can produce locally. We must exploit advantages of different regions, sectors, and domains in a certain period to continually improve the competitive situation of our local, regional, and international markets.

We must use socioeconomic efficiency as a fundamental standard to decide orientations and to select projects of our industrial investment. We must quickly exploit the advantages of the entire country and each region and sector to concentrate proper resources to key sectors and regions for a quick and efficient investment result. At the same time, we must have practical policies, structure, and measures to help other areas in its investment and economic cooperation to ensure all regions and inhabitants an equal share of the fruit of our economic development.

We should concentrate on small and medium projects with little investment capital and quick turnover so that we can use short-term projects to feed the big ones. At the same time, we have to selectively invest in some major projects necessary to the economy.

We also have to invest in existing projects to fully exploit their production capacity and technology. In doing this, we must concentrate on the areas that will improve product quality and competitiveness, combine the traditional skills with modern technology, ensure the leading role of imported technology, and give priority to technologies that demand less investment capital and create more jobs.

In the years ahead, we must pay particular attention to the industrialization of the agriculture and rural economy, comprehensively developing the agriculture, forestry, and aquaculture together with the processing industries to produce more consumer goods, arts and handicrafts, natural resources, production equipment, and services in cities and the countryside. We must accelerate the foreign affairs economic activities, especially sectors dealing with the exporting of goods and service.

We have to expand, upgrade, and build infrastructure projects to eliminate obstacles in our economic development. We must selectively build some heavy industrial projects for key industries that are in urgent demand and with favorable conditions in capital, technology, and marketing to quickly develop our economic efficiency with high result.

The scientific research and its application to industrial production must be developed together with training on health care and environmental protection to meet current and future development requirements.

Industrialization and modernization require a lot of capital. This should be mainly mobilized inside the country and be attached to the sufficient use of the capital to ensure an annual economic development rate

of no less than 8 percent. The total annual investment capital should be quickly reached between 20-25 percent of the general domestic products, compared to about 10 percent so far. That requires a great effort with appropriate policies and guidelines to encourage businessmen and people to economize in production and consumption for development investment, especially for goods production.

In all solutions, we have to pay particular attention to structures and policies that accelerate the development and business efficiency and stop public property wastage, especially the lavish spending in capital construction, the purchase of unnecessary items in the party, state, and mass organization organs, and the trend of living beyond the economic development level. The cadres and party members must carry out Uncle Ho's teaching of exercising diligence, practicing frugality, upholding righteousness, and instilling impartiality to contribute to the establishment of an exemplary living behavior for the entire society.

We also need to further attract foreign capital and technology, including borrowing and direct investment. However, we have to ensure the efficient use and proper repayment of our debts. Attracting foreign capital must go together with the importation of modern technology, which can be used as a leverage to raise up national resources. We must always focus on national benefits and sovereignty, both in the economy and politics.

The economy can only firmly develop in a healthy manner on the foundation of internal savings. That is also a prerequisite to efficiently absorb and use foreign capital resources.

The greatest, most precious, most decisive, and irreplaceable capital resource is the Vietnamese people. The party and state must have policies to widely unite the public, train and foster the people, utilize the cadres, treasure talented people, and develop the tradition of diligence, intelligence, creativity, and unbending will of the Vietnamese people in the strategy of our national construction and protection.

4. Economic Sectors.

To further develop the strength of the multisectoral economy, on one hand, we need policies and structures to motivate the entire people for an active development investment. On the other hand, we have to build state economic enterprises in key areas that require a high level of equipment and technology. These enterprises must operate with good efficiency to shoulder the leading role in our economy and guide other economic sectors to develop in the correct and healthy direction. This role is similar to the role of the main force of the army in the people's war.

The state economic sector has exerted many efforts to familiarize themselves with the new structure, thus contributing an important share to the economic stabilization and development in the past years. However, this

contribution does not match the work and capital invested into this sector. Its result in business and production is still low.

The basic cause of this situation is that the state property, in essence, is managed by no concrete and direct owner, who should have full authority, responsibility, benefit, and obligation for the efficient use, maintenance, and development of that property. State ownership or national ownership is very necessary. However, in the reality of many circumstances, the state property belongs to no one. Workers and officials of the enterprise have no permanent and firm incentive to attach themselves to the enterprise's development. There is no authority and organization strong enough to partake in the enterprise management and to prevent embezzlement and waste of state assets at the root.

A similar situation occurred in our agricultural cooperatives many years ago. However, the granting of land to the peasants for long-term use and the transfer of other production means to individual ownership have brought great achievements in agricultural production, and the peasants' life has been improved.

Due to the special characteristics in the production process of the industry, transport, and construction, production means can not be divided into small parts to give to each laborer. We must solve the problem here in a different way.

For example, we can sell or give some preferential shares of the state enterprise to the workers who are directly working in each enterprise. Or we can share net profit in pro-rata with the worker's salary after the enterprise has completed its state financial obligation and saved enough for its expanded production investment. In this way, we will create conditions for the workers to become real owners of the enterprise. It also attaches the authority with responsibility and the benefit with obligation of everybody to the enterprise's operation result. It also provides a better combination of the national interest with the benefit of each working group and each person.

We can also sell a percentage of state enterprise shares to the outside organizations and individuals to further mobilize capital resource in the public, meeting the demand to expand production and business provided that that decisive role of the state still be maintained.

The introduction of shares into state enterprises will create an economic foundation for setting up the board of management, which will include knowledgeable and impartial people to directly oversee the enterprise activities. In selecting managing directors, the board of management will choose qualified people and will dismiss people who, with their poor management skills, will bring damage to the interest of the state, workers, and other owners. The managing directors are not allowed to run their own business, especially the same type of business. The state enterprises must strive to run on profit, perfect their contractual system to deal with

laboring groups and individuals, and create favorable conditions for the introduction of public shares.

The government needs to instruct related sectors and echelons to quickly implement the aforementioned guideline with positive and firm steps and with the appropriate level and timed calculation for each area and each type of enterprise. After drawing useful experiences from pilot enterprises, we can further practice on a larger scale. We must prevent loopholes and exploitation in the practice to prevent the embezzlement of public property. We should encourage other economic sectors to apply the aforementioned method to unite the interests of the owners and workers.

Besides the consolidation of state enterprises in key chains and domains, it is necessary to conduct a feasibility study for the state to invest in enterprises of other economic factors under the form of partnership, buying shares, and so forth to help those enterprises to develop on the mutual benefit of the state and the enterprises.

The economies of individual cooperatives, small businesses, private capitalists, and foreign joint ventures that have a positive and long-term role are booming. It is necessary to eliminate illegal prevention and prohibition and embarrassing administrative procedures and to create a favorable legal and economic environment for these areas to further develop.

At the moment, the illegal business practice without proper registration and bookkeeping, the evasion of state registration and control, and the connection of private sectors with state enterprises and officials for smuggling and tax evasion are very prevalent. This happens due to the looseness of the state registration, control, guideline, adjustment, and intervention in state and private enterprises. We must prevent and stop the spread of these negative aspects that may sideline the party and state's line on socioeconomic development.

Do Muoi Address, Part 2

BK0512075893 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 3 Dec 93

[“Part 2” of a speech by General Secretary Do Muoi at the sixth plenum of the Communist Party of Vietnam's Seventh Central Committee in Hanoi on 24 November—read by announcer]

[Text] 5. Regarding the continued renovation of the economic system, the reality of our renovation process in the past affirms that we should be persistent in the process of transforming to the market economy, and we should improve state macromanagement so that we can effectively utilize the system in socioeconomic construction and development in accordance with socialist principles. State macromanagement will give direction and guide the development of the economy as a whole and create the economic environment and legal framework for production and business activities. The state also has a role in developing positive effects, preventing and

suppressing spontaneous negative ones, and overcoming the usual shortcomings of the market-driven economy, so that the market can become a truly important tool to improve the allocation and utilization of resources in the distribution and redistribution of national income. It also has to ensure the relationship between savings and investment and the interaction of the interests of various economic components as well as people of all strata. This is aimed at the objectives of rapid development, firm stability, and better social equity.

Macromanagement of the state should oversee the national economy and all economic components, not just those in the state-managed business sector. We should consolidate the centralized unity of the government in macromanaging the economy, and have a clear determination of the responsibilities and authority of sectors and localities in areas they would be more suited to handle, thus ensuring business independence.

We should also strive to perfect our legal system, make the system just and fair for every citizen as well as all economic components, consolidate and enhance the staff role of planning bodies, coordinate various functions, set up plans, determine orientations and the pace of the development, calculate and maintain macrobalances, adjust the investment framework, and coordinate the use of economic resources. We should be motivated domestically as well as internationally in our economic objectives.

The finance and banking system should be further and comprehensively renovated to be worthy of its role as an essential sector in the functioning of the market economy. We should provide it with capital under the management of the state. We should renovate the management framework of state-managed businesses; create conditions for these businesses to become truly independent and self-reliant in accordance with the law; and pave the way for the establishment of significantly large corporate groups at the national or regional level that consist of smaller businesses, regardless of their parent ministries or sectors.

Concerned ministries and sectors should focus on their task of setting up plans, strategies, and development policies in their respective sector. They should guide, support, inspect, and control all categories of business establishments in all localities in accordance with their state management responsibility in the respective field. We should intensify the management role of ministries that supervise a whole sector to ensure that all socioeconomic activities are put under the management of the state. Local authorities should exercise their state management authority in the responsible locality—over both centrally and locally owned economic establishments, and over both state-managed establishments and those that are managed by other economic components—to ensure that all business activities comply with state law.

The efficiency level of the state management and executive system is currently very low. It is an urgent

problem that requires our concentrated attention. We should accelerate the reform of our administration, rearrange the structure, reduce personnel, introduce a clear division of tasks and responsibilities, ensure centralized unity, simplify administration procedures, introduce concrete public service regulations in all functions, and set up a fair award policy that rewards accordingly to achievement and efficiency. These measures will make the state administration framework truly effective and efficient. We should have plans to provide training and retraining to cadres with programs that suit the new system. We should have plans to recruit cadres according to their ability. We should foster talent and avoid regionalism, factionalism, and discrimination against nonparty members.

Regarding various social issues: We must strive to attain economic growth to create favorable conditions for people's strata to engage in business in accordance with the law and to determine their own destiny without relying on assistance of the state or higher echelons and on foreign aid. These are tasks that we have carried for some time now and have attained achievements. It can be said that this is great progress in the social domain and a remarkable achievement in social democratization, especially on the economic front.

In the immediate future, the state must design appropriate mechanism and policies to mobilize all people to practice thrift to save money for investment and accelerating the economic growth in accordance with the socioeconomic orientations, tasks, and strategies set by the state. Efforts must be made to encourage all economic components, citizens, and investors at home and abroad to diversify occupations and expand foreign trade relations to better resolve the unemployment issue, increase the people's incomes, and improve their daily life, thus creating a material prerequisite for settling other social issues.

It should be noted, however, that economic growth cannot resolve all social issues. We should not wait until we attain a high economic growth to resolve our social issues. On the contrary, if we can satisfactorily resolve these issues sooner we will be able to accelerate economic growth more effectively. Yet, we cannot expect a perfect society while our economy is poor, productivity is low, and scientific-technical bases are backward. As a result, we are determined to accelerate economic growth while striving to ensure social development and justice, step by step build a society in which the people are masters who live in peace, enjoy civilized culture, abide by laws and disciplines, and are free from oppression and injustice. It should be a society in which all people have the opportunity to lead a prosperous and happy life.

The root cause of various pressing social issues at present did not stem solely from the underdeveloped economy but also from our loose leadership and management, negligence in resolving social issues, and inability in balancing economic growth with social issues. As a

result, we must seriously review these shortcomings to overcome them as soon as possible.

Our party's guiding concepts for the implementation of the state lines and policies to resolve social issues and develop education, public health, science, and technology are to foster and develop the human resources so as to build a new society. We must formulate correct policies and satisfactorily ensure social justice. We must ensure social justice in the distribution of the means of production and incomes and in creating conditions for each member of the community to advance further. The state must create conditions for the workers to share ownership in the means of production. The peasants should own the land they till while workers should have shares at state and privately-run enterprises and so forth. The people are entitled to proper education, vocational training, public health service, and the opportunity to develop their capability in the process of building their future. The state must protect and encourage all citizens to amass wealth through honest means, enjoy profit in accordance to their investment in term of capital and energy. We must strive to implement the principle of ensuring more income for workers who work more effectively and make more contributions. We must oppose the tendency of relying on the others and waiting for the distribution of an average income. We must strive to ensure appropriate wages in according to levels of labor while providing incentives for special capabilities and improving social welfare activities.

Along with the efforts to create favorable conditions for encouraging the people to amass wealth by honest means to become rich, to be able to contribute more efforts to building the nation, we must integrate all capabilities to quickly exploit and develop key regions with favorable conditions to help the adjacent areas catch up with the development. We must formulate policies to repay those who have performed meritorious services for the state, fight hunger and poverty, take concrete measures to help poor people in various localities, motivate those people with high income and areas with favorable conditions to help the poor and those areas facing numerous difficulties. Special attention must be paid to improving the daily life of ethnic minorities, people living in the former revolutionary zones, highlands, and offshore islands. Efforts must be made to uphold the responsibility of each citizen, encourage the people to resolve their own and family problems by themselves, motivate all communities to enhance responsibility toward society, develop the traditional practice of helping one another and promoting unity among countrymen, and mobilize everyone and every family to participate in humanitarian and charitable activities.

One of the most serious and dangerous social vices at present is corruption. Those involved in corruption are abusing their authority, violating state property, cheating the people, damaging the party and state apparatus, discrediting the party's prestige, and helping the reactionary groups to undermine our system. As a result, we must carry out an anticorruption campaign in a

resolute and serious manner at all echelons and sectors from the central to grass-roots levels. We must closely integrate inspection and control work of responsible agencies, motivate the people to oppose and expose to the public those who engage in corruption, strive to seriously and promptly deal with corruption cases in accordance with the law regardless of positions and ranks held by the violators. Moreover, we must fundamentally overcome shortcomings and seal loopholes in our mechanism, laws, and policies. We must also strive to overcome such phenomena as the lack of responsible cadres for state property, duplication in state apparatus, red tape in the administration, a large contingent of incapable cadres, the lack of clear and simple regulations on administrative work and civil servant system, and the irrational wage system and so forth.

We must optimally use the consultative and evaluating services at home and abroad. This includes the evaluation of the quality and prices of goods and imported equipment and projects. We must strive to improve the accounting and auditing system, the management of loans and credits, legal services, and the organization of the administrative mechanism and so forth. Efforts must be made to integrate our forces to effect real changes at a number of key sectors and in such areas as capital construction, joint ventures with foreign countries, export-import, taxation, and customs work, thereby creating conditions for developing other sectors and domains.

7. Regarding national defense, security, and foreign affairs

After the cold war period, situations in the region and the world have developed complicatedly while new opportunities and serious ordeals are emerging. We must grasp the new opportunities to rebuild our country while striving to overcome difficulties and serious ordeals. Resolutions of our party seventh national congress and party plenums have consistently asserted the two strategic tasks of building and defending the fatherland. We must strive to integrate our efforts to develop the national economy, treating it as the key task while attaching importance to defending the fatherland, maintaining political and social security, and consistently upholding the socialist orientations.

While enjoying the arising trends of peace, negotiation, cooperation, and development in the region and the world, we have scored achievements in our renovation, especially in the social and foreign affairs domains, thanks to our great efforts. This has greatly changed the image of Vietnam in the international arena. Our country's prestige and position in the world has been clearly enhanced. We must strive to accelerate our reform, strengthen our management, and expand diverse cooperation with foreign countries to attract more capital and learn from technology and experiences of the outside world. We must strive to optimally exploit mutual interests while narrowing differences and trying to win more friends, thereby contributing to creating

more favorable conditions in the world so as to be able to integrate our efforts in rebuilding the nation.

It is necessary to mention here that the world is still facing numerous unexpected upheavals. Various remaining conflicts may turn into serious issues in the region and the world. While the danger of an extermination war in the world has been contained to a further significant degree, armed conflicts related to nationalities and territories have persisted. Economic conditions in many countries, especially in industrial developed nations, are undergoing a recession. The United States has not lifted its embargo against Vietnam, while various hostile forces are attempting to create political instability in our country to undermine our revolution undertaking. As a result, our entire party, armed forces, and people must heighten vigilance against these schemes. Various echelons and sectors from the central to provincial levels must strive to formulate concrete measures to enhance our correct concepts, improve our organization, and design the program of action to satisfactorily lead and implement the movement to build the party and state apparatus, develop national economy, improve the people's daily life, strengthen national defense and security, and firmly protect and develop revolutionary gains scored by our people, thereby leading our renovation process a further step forward along the socialist orientations.

Do Muoi Address, Part 3

BK0512133493 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 4 Dec 93

[Third and "last part" of speech by Party General Secretary Do Muoi at party Central Committee Sixth Plenum in Hanoi on 24 November—read by announcer]

[Text] 8. Party Building Work

The party is the nucleus that leads the entire society. Therefore, the reform, adjustment, and upgrading of the party's leadership quality and fighting power to match its responsibility are the key issues to ensure that the renovation process moves in the right direction with better results. The party strength comes from the correct political line, the unification between thinking and action of the entire party, and the exemplary vanguard role and fine quality and morality of each party member.

At the present's new opportunities and challenges, the political and ideological work has a very special importance. We have to foster and upgrade the party's political awareness, intelligence, knowledge, and leadership quality and to build unswerving revolutionary belief, will, and idealism to all party members.

We must emphasize on the review of practical experiences and accelerate the ideology research work to gradually define a clear road and measures to build socialism in conformity with objective laws and Vietnamese conditions. We must resolutely fight and denounce opportunistic and revisionist concepts. At the same time, we

have to overcome the evils of conservatism and dogmatism; improve our members with the party's ideology, concept, line, exemplary cases, and outstanding people; and satisfactorily solve urgent socioeconomic problems. These are practical deeds to build and strengthen confidence in our party.

Cadres who are doing the social science and ideology work in party schools, scientific research institutions, and ideological organs must draw experiences from real cases or directly involve with grass-roots activities to study, review, and suggest ideas to clarify ideological issues on the vivid foundation of rich practical cases. We have to broaden the democracy practice in the process of issuing resolutions and decisions so that the cadres, party members, specialists, and scientists' intelligence can be put to best use in introducing correct resolutions and decisions, thus improving the unity and uniform in the entire party.

Party members must strictly implement the party's directives and resolution and the state laws. They must not disseminate concepts that run counter to the party line. The party's political and ideological strength is guaranteed by its able organization with good efficiency and discipline. Therefore, the principles on party organization and activities, primarily the principle of democratic centralism, must be strictly observed. We must stop all practices of anarchy, indiscipline, authoritarianism, parochialism, clannishness, and disunity in many places at all cost.

First, we have to restore the order and discipline from inside the party. We have to pay particular attention to the party protection work to safeguard the party's conception and line, preserve the party's purity, and protect the internal and national secrets. We have to reform the party's organization system to ensure a mechanism of efficiency and simplicity, enhance the leadership role of the party at grassroots level, and conforms with the new management structure.

We must especially continue to clarify the working relations between the party organs and government bodies. The party leads the entire undertaking of national construction and protection through its lines, policies, and organizations. The party leads the state not only through its members who hold key positions in the administration mechanism but also through party organizations in the mechanism such as: party committees and youth unions. These organizations, together with party members, have the responsibility to institutionalize and supervise the implementation of the party's lines and policies.

The party organizations must not slacken their leadership role. However, they must not cover and perform the government's tasks. The party's leadership is done by supervision, providing guidance, offering comments, and pointing out mistakes. The party is not to replace the government in performing the tasks. Presently, it is necessary to set up procedures and guidelines for the

party to supervise the government but not to assimilate with the government organs.

Our party is the ruling party. We must be extremely aware of the danger that the party can become bureaucratic and stay away from the public. That would bring unpredictable results as it has happened in some countries. Therefore, the party must take care of the fatherland front and mass mobilization work. It must quickly solve the people's practical benefits, educate the public on the party's lines and policies, mobilize the people for the economic and cultural development, improve people's employment and life, alleviate the public property, eradicate social evils, maintain social order and safety, and strengthen national defense and security in each area and the entire country.

We must build and consolidate the all-people great solidarity bloc at a time when many changes have been made in the socioeconomic situation. It is necessary to adopt forms and formats of activity that suit every social stratum, ethnic group, sex, economic component, field of activity, and religious belief at home and abroad. We must consolidate the essential social classes while expanding the all-people solidarity bloc in order to develop their patriotic tradition, national pride, and determination to achieve self reliance; and we must unite all Vietnamese of the same aspirations and interests under the cause of building a peaceful, unified, independent, democratic, prosperous, and powerful Vietnam if we are to make active contributions to the cause of peace, independence, democracy, and progress in the world.

The Political Bureau has issued a resolution on national great unity and on the need to strengthen the National United Front. The Communist Party of Vietnam [CPV] Central Committee Political Bureau and Secretariat have been and are providing guidance for a number of mass political-social organizations to conduct their congresses. Various party committee echelons, party and youth union organizations, and cadre affairs sections must organize study sessions to promote thorough understanding and deployment of the implementation of various resolutions of the CPV Central Committee and of the Political Bureau on the activities of the Front and of other mass organizations; and to step up the renovation of the essence, mode, and behavior of their operations. The latter will promote efforts to effect a visible change in the front-related and mass motivation work, achieve all-people great solidarity at a new magnitude and dimension, and generate a vigorous momentum so as to successfully achieve the targets for a prosperous people, a powerful country, and an equal and civilized society.

In order to carry out various revolutionary tasks at the current juncture, the cadre-affairs issue has arisen as the most important work link in the entire renovation process. How to appoint a contingent of cadres, especially leading cadres, with uniform structure, with well-established political acumen, with pure ethnical qualities, and with the requisite organizational and operating

abilities capable of translating our policy into real life is a matter of decisive significance.

To effect fundamental changes in cadre-related work, we must renovate our concepts about evaluating, recruiting, and appointing cadres, recommending cadres for promotion, and providing cadres with their benefits. We must base ourselves on the need to clearly determine standards for cadres, especially regarding their political acumen and their actual organizational abilities as well as the results of their actual activities, in order to evaluate them comprehensively, substantively, and fairly. We must come up with a structural policy to ensure that all those with ethical qualities, talent, and an ardent love for the country are properly employed. We must do away with narrow-mindedness, prejudices, and discrimination.

There are many things for us to do to prepare manpower for the Eighth Party Congress and for the years that follow. We must, among other things, establish systems and encourage cadres to study to improve their overall knowledge so as to meet the requirements for renovation. We must rejuvenate and guarantee succession for the contingent of cadres, ensure strictness in the application of standards, shape up a strong contingent of cadres, link the specialization of cadres with the rotation of cadres—between local cadres themselves and those reinforced from other localities. We must harmoniously develop four types of cadres: political leadership cadres, state management cadres, production and business management cadres, and skilled specialists in each field of activity.

We must renovate the task of cadre planning and training and must formulate an overall training plan and a separate training plan for each sector and locality. These efforts must be linked with the objectives and requirements for cadre employment.

As it is only a little more than two years before the Eighth Party Congress is held, various party committee echelons and various sectors must concentrate on satisfactorily carrying out the objectives and requirements on cadres-related work as already put forward at the CPV Central Committee's third plenum. Specifically, key leading comrades of the central authority and of local party committees must personally provide guidance for this important task. All these are major issues already cited in the draft political report. When discussing this report, it is suggested that the CPV Central Committee devote much time to these issues if it is to correctly decide on the orientations, policies, and approaches needed to continue to successfully carry out the resolution of the Seventh Party Congress, step up the renovation process, and attain greater successes.

National Assembly Fourth Session Opens

BK0612141393 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 6 Dec 93

[Report by Dinh Khai]

[Text] Dear friends, this morning 6 December, the Ninth National Assembly's fourth session solemnly opened at the Ba Dinh Conference Hall in Hanoi. Prior to the opening session, National Assembly deputies paid a floral tribute to President Ho Chi Minh at his mausoleum.

At 0830, the National Assembly session opened. After the band played the national anthem, National Assembly Chairman Nong Duc Manh delivered an opening speech.

In his speech, Chairman Nong Duc Manh presented achievements in various domains scored by our entire party and people in 1993. He also stressed numerous difficulties and great ordeals facing our people in the cause of national construction and defense. The chairman said:

[Begin Nong Duc Manh recording] The Ninth National Assembly's fourth session is held at a time when our people are elated at the encouraging achievements scored in the renovation process during the past years and especially in 1993. The recent party Central Committee Sixth Plenum has appraised our nation's situation during the past several years and set orientations for the remaining two years of the 1991-95 five-year development plan, which are aimed at leading our revolution to advance further along the path of consolidating national independence and step by step building socialism—the path correctly chosen by our party, Uncle Ho, and the people. We must strive to attain the objectives of making the people prosperous, the country powerful, and society advanced. Tasks of the National Assembly in the new situation are very heavy. As a result, National Assembly deputies must enhance the sense of responsibility to fulfill these tasks to be worthy of representatives of the people and by the people, thereby meeting the aspirations of our countrymen. I earnestly urge all deputies to strive to develop democracy and contribute ideas to finding concrete solutions to fulfill the agenda of this session. In this spirit, I solemnly declare the Ninth National Assembly's fourth session opened. I wish National Assembly deputies and distinguished guests good health; I wish the Ninth National Assembly's fourth session a splendid success. [end recording]

Afterward, Prime Minister Vo Van Kiet delivered a speech on the implementation of the National Assembly's resolution on the 1993 tasks and on orientations and tasks for 1994. The report includes five parts.

Part one deals with the pressing requirements and the prospects for entering a new stage of socioeconomic development. This part presents economic achievements scored during the past years, saying that, generally speaking, we have made great progress in overcoming the socioeconomic crisis, especially the ability to overcome the economic recession, contain inflation, and firmly maintain political stability despite acute difficulties and ordeals, lack of foreign aid, and the continued U.S. embargo. These achievements manifest the Vietnamese people's vitality and capability, testify to our

party and state renovation policy as suiting the reality in Vietnam, and show our people's strength and determination to advance along the developmental path. The report also stressed shortcomings, difficulties, and obstacles that must be overcome in the days ahead.

Part two deals with what to do to attain a rapid and long-lasting economic growth. This part calls for efforts to accelerate investment and development, step by step shift the economic structure to industrialization and modernization, develop all economic potentials, enhance the efficacy of economic components, quickly expand economic relations with foreign countries; and renovate and improve the financial, monetary, and credit situation.

Part three deals with resolutions to better resolve various socioeconomic issues.

Part four deals with the development of new advantages in diplomatic activities.

In the last part of the report, Prime Minister Vo Van Kiet called for efforts to improve the government's operational efficiency. He said:

[Begin Vo Van Kiet recording] The government's operational efficiency will be ensured and enhanced only through our efforts to apply an integrated and unified guidance to overcome such phenomena as division and departmentalism, suppress corruption, and purify the state apparatus. The government must strive to overcome shortcomings in its operation and must effect obvious changes in 1994 to ensure further progress in the renovation process and in socioeconomic development program. It is imperative for the government to integrate efforts to resolve a number of pressing issues, especially the effort to provide sufficient laws for economic activities in the market economy. First of all, we must accelerate the formulation of laws while striving to amend and supplement regulations and build more fundamental laws, especially the civil code and the law on business. This task requires a contingent of specialists who will integrate their efforts to study and formulate laws in accordance with the schedule.

I also recommend that the National Assembly extend the time reserved for the legislature work to catch up with and meet requirements for our economic reform. The government will formulate procedures to ensure the timely and unified promulgation of legal documents and the enforcement of laws. Efforts must be made to enhance the efficiency of law enforcement and treat it as an important task in the administration reform program. The state should uniformly use the legal, financial, and banking apparatus and other planning to effectively manage the market economy at the macro-level. Efforts must be made to define the administrative authority of various echelons, especially the authority to formulate regulations to ensure the integration of unified policies, enhance disciplines, and strictly implement decisions of the government. Efforts must also be made to overcome

such phenomena as diffusion, arbitrariness, lack of discipline, and contradiction between circulars and documents of ministries, sectors, and people's committees with those of the government. [end recording]

Dear friends, also in this morning session, the National Assembly heard:

- National Assembly Chairman Nong Duc Manh read the National Assembly Standing Committee's report on activities in 1993 and the orientations and tasks for 1994.
- Report of Hoang Duc Nghi, minister chairman for Ethnic Minorities and Mountain Region, on the situation of socioeconomic and ethnic development.

In the afternoon, the National Assembly heard:

- Finance Minister Ho Te report on the implementation of the 1993 state budget, the 1994 state budget estimate, and the final accounts of the 1992 state budget.
- Report of Tran Dinh Hoan, minister for Labor, War Invalids and Social Welfare, on implementation of the new wage policy.
- Report of Interior Minister Bui Thien Ngo on anticorruption and antismuggling activities.

Dear friends, according to the agenda, tomorrow the National Assembly will continue its work at the Ba Dinh Conference Hall in Hanoi.

Further on National Assembly

BK0612152793 Hanoi VNA in English 1507 GMT
6 Dec 93

[Text] Hanoi VNA Dec.6—The Ninth National Assembly opened its fourth session here this morning under the chairmanship of National Assembly Chairman Nong Duc Manh.

Prominent among those present at the opening ceremony were party General Secretary Do Muoi, State President Le Duc Anh and Prime Minister Vo Van Kiet.

PM Vo Van Kiet on behalf of the government delivered to the National Assembly a report on the socio-economic situation in 1993 and orientation for development in 1994 and 1995.

'Generally speaking' he said, 'we have substantially overcome the country's socio-economic crisis, notably settling the economic recession, checking inflation, and maintaining political stability at a time when we faced acute challenges, having no financial backing from outside and suffering US trade embargo'. The report says that gross domestic product has since 1991 achieved an average annual increase of 7.2 per cent. In 1993, the country harvested 24.5 million tonnes of food crops, the target set for 1995 industrial production and services in various economic sectors have in general adapted to the market mechanism and increased annually export value

and budget revenues have increased at a rate quicker than the production development external economic relations have been broadened rapidly. Payment balance has been improved, sources of foreign currency earnings have caught up with demands of the import of materials, equipment and essential commodities for production and people's daily life and inflation has been driven back: price index in the first 11 months of this year increased by 4 per cent and that of the whole year will surely stand at single digit.

Regarding the social and cultural fields, the report notes that there were remarkable achievements compared with the previous years in the implementation of the programmes on job creation, primary education universalization, raising the quality of education, scientific research and scientific and technological application, broadening radio and television broadcasting networks, epidemic prevention, physical culture and sports development as well as poverty alleviation.

On the results of the open, diversified foreign policy, the report says 'the image of Vietnam which is under renovation and which wants to befriend will all countries in the world has been highly appreciated in the world, creating favourable conditions for our country to broaden its international relations'.

The report also notes that Vietnam's economy still meets many unfirm factors, and slow improvement has been seen in several social aspects particularly unemployment, the increase of social evils and criminal acts. The biggest challenge to the Vietnamese people and society is their slow economic development and low economic efficiency, leading to the danger of lagging behind in terms of economy and landing in a weak position and suffering losses in trade and international cooperation. The report affirms that the [words indistinct] reach the objective of development is to uphold the spirit of independence and self-reliance, to practice industry and thrift in national construction and defence together with the expansion of international cooperation.

Regarding things that should be done in the period of 1994-1995, the report points out it is necessary to develop investment and step by step shift the economic structure toward industrialization and modernization, bring into full play to potentials and raise the effectiveness of all economic sectors, rapidly expand external economic relations, renovate and improve the financial-monetary-credit situation, better settle the cultural and social problems and highly raise executive effect of the government.

The report further says: 'over the past three years, the development investment of the whole society has totalled 68,800 billion dong. It is expected that it will raised to 41 billion dong in 1994 and 52,000 billion dong in 1995. The country's capital resources will include those from the people and the enterprises, the investment capital of the state, and the direct investment capital of foreign countries. On the government's work,

the report stresses: 'the effectiveness of the government's guiding and executive work could only be guaranteed and raised when it is performed in a centralized and unified way, when all phenomena of departmentalism and localism are overcome, and corruption in state offices is rid of.

Assembly Issues Communiqué No. 1

BK0612151193 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 6 Dec 93

[Communiqué No. 1 of Ninth National Assembly Fourth Session issued in Hanoi on 6 December]

[Text] The National Assembly Office issued the Communiqué No. 1, as follows:

On the morning of 6 December, the fourth session of the SRV Ninth National Assembly opened solemnly at the Ba Dinh Conference Hall in Hanoi. Prior to the opening ceremony, the National Assembly deputies paid tribute to President Ho Chi Minh at his mausoleum.

Present at the opening session were CPV Central Committee General Secretary Do Muoi; Party Central Committee Advisors Pham Van Dong and Vo Chi Cong; State President Le Duc Anh; Prime Minister Vo Van Kiet; National Assembly Chairman Nong Duc Manh; many high ranking party and state leaders; and some veteran revolutionary cadres.

Also attending the session were guests from diplomatic missions; representatives of Hanoi-based international organizations; and representatives of domestic and foreign news agencies and press.

At 0830 sharp the national anthem was played. After the opening announcement was delivered by the National Assembly Chairman Nong Duc Manh, the National Assembly heard the reports of:

- Prime Minister Vo Van Kiet, on the acceleration of economic development pace, stabilization of politico-social situation, and on bringing the country into a new development phase.
- National Assembly Chairman Nong Duc Manh, on 1993 activities and orientations for 1994 of the National Assembly Standing Committee.
- Hoang Duc Nghi, minister chairman of Ethnic Minorities and Mountain Regions, on socioeconomic development in mountain regions of minority ethnic people.

In the afternoon, the National Assembly heard the reports of:

- Finance Minister Ho Te, on implementation of 1993 state budget, proposed state budget for 1994, and final report on 1992 state budget.

- Tran Dinh Hoan, minister of Labor, War Invalids, and Social Welfare, on implementation of new wage policy.
- Interior Minister Bui Thien Ngo, on anticorruption and antismuggling activities in 1993 and orientations for 1994.

On 7 December, the National Assembly will continue to hold its plenary session at the conference hall.

7 Dec Morning Session Reported

BK0712092193 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 6 Dec 93

[Text] This morning, 7 December, the fourth session of the Ninth National Assembly resumed at the Ba Dinh Conference Hall under the chairmanship of the National Assembly Chairman Nong Duc Manh.

The National Assembly heard the reports and dissertations of:

- Foreign Minister Nguyen Manh Cam, on external relations activities in 1993 and orientations for external relations activities for 1994.

- Mai Thuc Lan, chairman of the National Assembly Economics and Budget Committee, on implementation of socioeconomic tasks in 1993, orientations and tasks for 1993, 1994, and 1995, budget affairs in 1993, the proposed state budget for 1994, and the final budget report of 1992.

- Y Ngong Niek Dam, chairman of the National Assembly Nationalities Council, on issues that need more attention in the socioeconomic tasks of 1994 relating to ethnic minority people.

- Ha Manh Tri, chairman of the National Assembly Law Committee, on anticorruption and antismuggling activities.

- Trinh Tran, vice chairman of the National Assembly Defense and Security Committee, on consolidation and protection of national defense and security.

- Tran Thi Tam Dan, chairwoman of the National Assembly Culture, Education, Youth, Teenager, and Children, on implementation of policies on culture, education, youth, teenager, and children in 1993, and plans for 1994 and 1995.

In the afternoon, the National Assembly deputies will continue their work in the Ba Dinh Conference Hall.

Australia**Keating Cited on Efforts To Mend Ties**

*BK0412122093 Hong Kong AFP in English 1127 GMT
4 Dec 93*

[Text] CANBERRA, Dec 4 (AFP)—Prime Minister Paul Keating believes Australia has done all it can to heal its diplomatic row with Malaysia, his spokesman said here Saturday.

Keating would clarify his position in a television interview to be broadcast early Sunday, the spokesman said, adding that Australia wanted a good cooperative relationship with Malaysia.

The interview was recorded before the Malaysian government announced that it would review business and other links with Australia in retaliation for Keating's refusal to apologise for criticising its Prime Minister Mahathir Mohamad.

The review was announced Saturday by Foreign Minister Abdullah Badawi, who told a news conference in Kuala Lumpur that the decision was "serious" and "could have far reaching consequences."

The move followed Keating's description of Mahathir as "recalcitrant" for refusing to attend last month's Asia-Pacific Economic Cooperation (APEC) forum summit in Seattle.

Earlier Saturday, Mahathir rejected a letter he had received from Keating saying that he had not meant to offend him [words indistinct] "Although I don't expect an apology, I just cannot define this letter as conciliatory," Mahathir told state-owned Radio Televisyen Malaysia (RTM).

Keating's interview, with the commercial channel Nine, "is quite clearly as conciliatory as anyone possibly could be," his spokesman said.

"The key theme is the prime minister of Australia says he and Australia want a good cooperative relationship with Malaysia and we hope Malaysia wants such a relationship with us.

"We want good constructive ties but Malaysia does have to want that too."

In the interview, Keating would appeal to Malaysia not to downgrade relations with Australia, the spokesman said.

But the spokesman insisted that Badawi's comments did not change Australia's approach.

In particular, he rejected Malaysian government claims that it had made a formal protest to Canberra about Keating's remarks—an assertion which the government here has denied.

Seeks 'Constructive' Ties

*BK0512005493 Hong Kong AFP in English 0010 GMT
5 Dec 93*

[Text] Sydney, Dec 5 (AFP)—Australia wants "a good, constructive relationship" with Malaysia, but that is possible only if Malaysia wishes it too, Prime Minister Paul Keating said in a television interview broadcast here Sunday.

During the interview, Keating indicated that Malaysian Premier Mahathir Mohamed was unusual among Asian leaders in his attitude towards Australia.

"I have a very good relationship with (Indonesian) President Suharto," Keating said.

"I have a very good relationship with (Singapore's) Prime Minister Goh Chok Tong. I have a very good relationship with (South Korea's) President Kim Young-Sam.

"I would like such a relationship with Dr. Mahathir, but he has got to want it too. Malaysia has got to want to have a relationship with Australia of the kind Australia is prepared to have with it."

The interview was recorded before Malaysia announced Saturday that it would review business and other ties with Australia in retaliation for Keating's refusal to apologise for calling Mahathir "recalcitrant" during last month's Asia-Pacific Economic Cooperation forum (APEC) meeting in the U.S. northwestern city of Seattle, which the Malaysian leader did not attend.

"This is a serious decision and could have far reaching consequences," Malaysia's Foreign Minister Abdullah Badawi had told a news conference in Kuala Lumpur.

Keating said he had sent Mahathir "an honest, frank letter" explaining "that what I said was not calculated to offend him."

He added that his remark reflected differences of policy between the two countries and was prompted by Mahathir's self-proclaimed decision to "thumb his nose" at APEC.

"I have always got to argue and I always will argue in favour of Australia's policy positions," Keating said, adding "I think what I have done is very reasonable."

"I have written to him putting it in some sort of context."

Mahathir had earlier rejected Keating's letter, saying on state-owned Radio Televisyen Malaysia (RTM) that "although I don't expect an apology, I just cannot define this letter as conciliatory."

Asked whether he regretted making the remark in Seattle, Keating replied: "If my remarks were not intended to offend him and he has taken offence, naturally one would regret that."

Keating refused to speculate on the possible consequences of the row, but said Australia did not want to get into "tit for tat" retaliation.

Evans: 'No Offense' to Malaysia Intended

*BK0612064693 Melbourne Radio Australia in English
0500 GMT 6 Dec 93*

[Text] Australia has called for a cooling off period in a diplomatic row with Malaysia over Prime Minister Paul Keating's description of his Malaysian counterpart, Mahathir Mohamed, as recalcitrant. Foreign Minister Gareth Evans says he hopes the Malaysian cabinet will pose to reflect before it considers retaliation against Australia. Senator Evans noted that the two Australian Government ministers were currently in Malaysia and said he would be making direct contact with Malaysia's Foreign Minister Datuk Abdullah Badawi. He told the senate that Australia regretted any offense caused by Mr. Keating's comment after Dr. Mahathir boycotted last month's summit of APEC, the Asia-Pacific Economic Cooperation grouping.

[Begin Evans recording] No offense was intended and if it was taken we regret that. We value our relationship with Malaysia and we'll do everything we reasonably can to keep it warm and productive with the visit of Senators Cook and Ray being current demonstrations of our commitment in that respect. But if a good relationship is to continue it must be wanted and worked for by both sides. [end recording]

Urges 'Cooling Off' Period

*BK0612103693 Melbourne Radio Australia in English
0830 GMT 6 Dec 93*

[Text] Australia has called for a cooling off period in its escalating row with Malaysia, and Australia's foreign minister says he'll have direct contact with the Malaysian foreign minister about a period of reflection before Malaysia takes any retaliatory action against Australia. The foreign minister, Gareth Evans, also told parliament that Australia feels wounded by the strength of the verbal attacks coming from Malaysia. This report by Graeme Dobell in Canberra.

[Begin recording] [Dobell] It's been two weeks since Australia's Prime Minister Paul Keating described Malaysia's Prime Minister Dr. Mahathir as recalcitrant for boycotting the Asia-Pacific leaders' summit in Seattle. Since then Mr. Keating has given two formal interviews and written a letter to Dr. Mahathir trying to put out the diplomatic fire storm that has resulted in Malaysia. Foreign Minister Gareth Evans told parliament that part of the problem may have been a translation of words used by Mr. Keating.

[Evans in progress at parliament] ...The Malay word for recalcitrant is kurang ajar. To call someone kurang ajar in Malay, I've just discovered a few days ago, is in fact extremely insulting, much more so than the use of the English word would indicate. It means in Malay that one

is ill-educated and that reflects seriously on one's background and family implying one's parents did not bring them up properly.

[Dobell] Repeating the phrase Mr. Keating used in the TV interview on Sunday, Senator Evans expressed regret if any offense has been caused to Dr. Mahathir. That expression of regret seems as close as Australia is prepared to go to an apology. But Senator Evans also gave this background to Mr. Keating's state of mind at the APEC [Asia-Pacific Economic Cooperation] summit suggesting that the prime minister was responding to Dr. Mahathir's comment that he got more attention by refusing to join the other leaders in Seattle.

[Evans] In the first place I think it would be helpful if the Malaysian side were to acknowledge the circumstances in which Mr. Keating's original remarks were made. He'd been asked on numerous previous occasions his attitude to Dr. Mahathir's nonappearance in Seattle and on each occasion had replied in neutral terms. On the occasion, however, on 21 November the question was put in a form of a request for comment on the reported statement in THE NEW YORK TIMES that morning by Dr. Mahathir that, and I quote, perhaps you have to thumb your nose at people before they notice you. To the extent Mr. Keating's reply emerged more sharply on this occasion than it had in earlier replies, this was an understandable reaction in the circumstances.

[Dobell] Senator Evans said Australia felt wounded by the strength of the attacks coming from Malaysia. The foreign minister told parliament that Malaysian ministers have taken actions to ban Australian TV programs and made statements that commercial relations were at risk. Senator Evans said Malaysia's language was much stronger than anything said by Australia.

[Evans] We've seen that Kalangtan's premier saying for example what do you expect from a leader whose forfathers were ex-convicts and social discards, the kind of person, this kind of person is not properly brought up, hence the bad manners. Mr. President, even taking into account questions of translation to which I referred, this goes much further than any Australian statement. Mr. Keating's letter last week made the point very clearly that his own remarks had not been calculated to offend, but he is less than [word indistinct] conciliatory, or apologetic and Dr. Mahathir was [word indistinct] to be and perhaps some of the background atmosphere against which the letter was written will help explain right.

[Dobell] Senator Evans said he wanted to contact the Malaysian Foreign Minister Datuk Abdullah Badawi to suggest a cooling off period before the Malaysian cabinet took any action against Australia. While putting that idea forward, Senator Evans also indicated Canberra's view that it was now up to Malaysia to decide what sort of relationship it wanted with Australia. [end recording]

Senator Cook Urges Peace Offer Acceptance*BK0612140593 Melbourne Radio Australia in English
0830 GMT 6 Dec 93*

[Text] Australia's Trade Minister Peter Cook is currently in the Malaysian capital, Kuala Lumpur, on probably the most delicate diplomatic mission of his career. Senator Cook has appealed to the Malaysian Government to accept Prime Minister Keating's latest peace offering and allow relations to return to normal. Trevor Watson reports that Malaysian Government ministers continue to talk of downgrading relations with Australia.

[Begin recording] [Watson] On Saturday [4 December], Dr. Mahathir said Prime Minister Keating's letter of reconciliation simply wasn't conciliatory. On Sunday, with the Malaysian Government threatening to downgrade diplomatic relations, Mr. Keating further extended the olive branch, and Senator Cook is hoping all will now be forgiven.

[Cook] Paul Keating has said that he didn't intend to give offense and if offense was taken it is a matter of regret to him. Well, I'll hope that that comment is seen as a very conciliatory comment by our prime minister and that any cabinet meeting can certainly consider that and hopefully make a decision which will enhance the relationship.

[Watson] The minister is here to attend the Pacific Rim Business Symposium, and he says his Malaysian hosts have treated him well. It would be wrong, he says, to take too much notice of the threat of retaliation daily listed in the government-controlled Malaysian media.

[Cook] Can I speak as someone in government? I don't think that remarks issued on a Sunday necessarily have an immediate effect on government at all levels on Monday morning, but, and therefore I don't draw any conclusion about what the position of the Malaysian Government will be when the full weight of what the prime minister has said on the Sunday program is before them. [sentence as heard] And one thing we've got to avoid in this whole issue, with the greatest of respect of the very dignified gathering here, is for the agenda of governments to be made by media reports, and that would be an absolute mistake of the first order, and so while one always reads with great interest the interpretation of media of government-to-government events it is the government-to-government relationship that is fundamental and important, and that is the one we'll pay attention to. We also want to make this point, and this is a terribly important point when we're dealing with relations between the governments. We cannot and won't respond to every rumor, every statement of every official or quasi-official. We'll deal with government on a government-to-government basis as responsible people. And it may well be that you are reporting a lot of information that we will take note of, but we're not going to necessarily, with the greatest of respect, you place a great deal of weight in that, but yet it's what government say to one another that is the critical thing, and my view

will be that we should work to improve that relationship. [sentence as heard] I believe the prime minister has done that, and I think it is important that we get this issue behind us so we can concentrate on the positive.

[Watson] Senator Cook continues to insist that Australia has drawn a line under the affair and that is now finished. In carefully undiplomatic terms, does that mean that Canberra has gone as far as it plans to and the Malaysian Government can take it or leave it?

[Cook] If I might say with the greatest of respect, it is not a very nice way of putting a proposition, and I would never put it in a way that is other than nice. But it comes to a point in all relationships you have to decide what is the next issue. And I think we will reach that point, and the next issue is the next order of business.

[Watson] For the record, Senator Cook insists that the lack of a single government official on hand to meet him at the airport when he arrived here was not unusual for Malaysia or any other country in the region. [end recording]

Western Australia, Sarawak Sign Memorandum*BK0712080693 Melbourne Radio Australia in English
0500 GMT 7 Dec 93*

[Text] Despite the current political impasse between Australia and Malaysia, a memorandum of understanding has been signed between Western Australia and the Malaysian state of Sarawak. The memorandum will enhance cooperation between agencies in Sarawak and Western Australia responsible for water resources, and water service infrastructure, and technology. State Water Resources Minister Paul Omodei says arrangements for the agreement were made some time ago and were not affected by the standoff between Prime Minister Paul Keating and his Malaysian counterpart, Mahathir Mohamed. Mr. Omodei said a West Australian Water Authority officer was already working in Sarawak and the memorandum extended arrangements that have been in place for some time.

The diplomatic row was caused by Mr. Keating calling Dr. Mahathir a recalcitrant for not attending the Asia-Pacific Economic Cooperation leaders' meeting in the United States last month.

Minister on Asia's View of Industrial Relations*BK0712070493 Melbourne Radio Australia in English
0500 GMT 7 Dec 93*

[Text] A federal government minister says many Asian countries continue to have a poor image of Australian industrial relations. The minister for industrial relations, Laurie Brereton, has just returned from a trade visit to Indonesia. Peter (Makachan) reports:

[Begin (Makachan) recording] Mr. Brereton told the business function in Melbourne this morning that strike activities in Australia in 1992 was at its lowest level for

50 years. But he said Australia still have a long way to go to sell that message to Asia. Mr. Brereton said Australia's image of industrial conflict had to be broken in order to maximize exports. The minister told the Australian Chamber of Manufacturers' seminar that amendment to the industrial relations acts, which are presently before the Senate, would introduce further flexibility into the system with an emphasis on cooperation. [end recording]

Consortium To Set Up Satellite Launch Base

*BK0612081893 Melbourne Radio Australia in English
0500 GMT 6 Dec 93*

[Text] Australia is to get back into the space business with a satellite launching base near Darwin. Science Minister Chris Schacht says the Australian consortium (KITCOM) will be set up a low cost operation east of Darwin to launch small satellites. Senator Schacht says the base part of a joint venture deal to launch two United States' communication satellites, but the consortium is also negotiating with Sweden and Spain for more work worth up \$60 million.

Fiji

Country Becomes 116th Member of GATT

*BK0612061993 Melbourne Radio Australia in English
0500 GMT 6 Dec 93*

[Text] Fiji has been accepted as the 116th member of GATT. Radio Fiji says GATT's objectives of globalizing world trade is consistent with the government's economic policies of creating an open and competitive economy.

New Zealand

Treasury Views Economic Growth, Unemployment

*BK0712014093 Hong Kong AFP in English 0131 GMT
7 Dec 93*

[Text] Wellington, Dec 7 (AFP)—New Zealand's Treasury has revised upwards its economic growth forecasts for the current financial year, but says unemployment is likely to remain "stubbornly high" for the next three years, reports said Tuesday.

The reports said new information suggested 1993-94 growth was likely to be between 3.5 percent and 4.5 percent.

The department had been predicting 2.9 percent growth for the year.

Higher-than-expected business and housing investments were the main contributors to the stronger outlook.

Treasury said it was possible the higher growth could be sustained. If so, unemployment and other outcomes could also improve more quickly than forecast.

However, growth could also be surging temporarily before falling back toward the rates previously projected.

Treasury said the upturn in the economy was flowing through into the labour market.

In the year to June, the number of jobs increased by 17,100, while the number unemployed fell by 3,000 in the past year.

"While this should continue, unemployment is likely to remain stubbornly high for the next three years," the Treasury said.

Finance Minister Bill Birch said the briefing document showed economic and job growth prospects were the best for many years.

However, it was important that gains already made not be jeopardised by "policy backsliding," he said in a statement.

Papua New Guinea

Minister Holds Talks With Australia's Evans

*BK0512073093 Melbourne Radio Australia in English
0600 GMT 5 Dec 93*

[Text] Papua New Guinea [PNG] has assured Australia that it will fully investigate alleged human rights abuses by rebels and government troops on the island of Bougainville. The assurance by the Papua New Guinea foreign minister, John Kaputin, followed concerns raised by his Australian counterpart, Gareth Evans, at a ministerial forum in the PNG highland town of Mount Hagen. Mr. Kaputin also told reporters at the end of the two-day forum that PNG had agreed to a request for an Australian parliamentary delegation to visit Bougainville early next year. Mr. Kaputin said the visit would be subject to cabinet approval.

Another controversial issue on the agenda at the forum was Australian aid to PNG, which Senator Evans said had been a subject of lively discussion. PNG wants a review of an agreement it has with Australia, under which Canberra is phasing out direct budget aid and replacing it with Assistance for Pacific Projects. The PNG finance minister, Sir Julius Chan, says the agreement takes away his country's right to control its finances. Australia wants to give the new aid program a chance to prove itself and says an early repeal would be premature.

Vanuatu

Commission Abolished After Criticizing Minister

*BK0512053093 Hong Kong AFP in English 0528 GMT
5 Dec 93*

[Text] Port Vila, Dec 5 (AFP)—A commission of inquiry set up by the Vanuatu government nine months ago was

scrapped Friday and its senior officials suspended after it recommended disciplinary action against Finance Minister Willie Jimmy, the government-run Vanuatu Weekly has reported.

The commission was set up by Justice Minister Sethy Regenvanu in February with court powers to subpoena and examine witnesses to investigate "a number of matters which in the opinion of the Minister of Justice would be for the public welfare."

Among 12 issues it planned to investigate was the purchase of an allegedly over-priced building by the Vanuatu government.

Last Friday, Justice Minister Sethy Regenvanu tabled the commission's report on the purchase of the building by the Vanuatu National Provident Fund (VNPF) for 120 million vatu (about one million dollars).

The report recommended "disciplinary action" against Jimmy.

In a statement to parliament Friday, Jimmy declared the report was "too one-sided" because it did not question the role of either VNPF Director Marakon Alili's nor the Ministry of Lands in the controversial sale.

Jimmy then threatened to resign and sit on the back-bench unless Commissioner Clarence Marae resigned or be sacked on the grounds that he had already been convicted of "bribery."

Parliament was adjourned for an hour after which Regenvanu announced Marae and his assessor Patrick Crowby would be terminated and the commission suspended "for the time being."

Two Senior Government Members Resign

*BK0512072093 Melbourne Radio Australia in English
0600 GMT 5 Dec 93*

[Text] Two senior members of the Vanuatu Government have resigned, casting doubt on the ability of the ruling coalition to win a non-confidence motion scheduled for this next week. The resignation of the communication minister, Onneyn Tah, and the leader of government business, (Setho Singka), took effect immediately. The move threatens the coalition between Prime Minister Maxime Carlot Korman's Union of Moderate Parties and a breakaway group of the National United Party which has a majority of two in the parliament. Mr. Tah's letter of resignation to the prime minister was critical of the government's handling of a national strike by public servants which began 10 days ago. He urged the government to negotiate with the strikers to end the dispute, saying mass sacking would be costly. The dispute over a claim for higher pay has disrupted government services in Vanuatu, where the South Pacific mini-games were due to begin tomorrow.

Minister's Reappointment Averts 'Crisis'

*BK0712060893 Melbourne Radio Australia in English
0500 GMT 7 Dec 93*

[Text] A political crisis has been averted in Vanuatu with Prime Minister Maxime Carlot Korman bringing into his cabinet one of two supporters who withdrew at the weekend. Cecil Sinker has been sworn in as minister of post and telecommunications replacing Onneyn Tah. Both men are members of former Prime Minister Walter Lini's National Unified Party and belonged to the faction supporting the Korman Government. However, they withdrew their support at the weekend with Mr. Tah resigning his portfolio and accusing the government of being disloyal, dishonest, irresponsible; and Mr. Sinker saying the prime minister had gone back on a promise to give him a seat in the cabinet. The two withdrawals have left the government with only 23 of the 46 seats in parliament; but with Mr. Sinker's return as minister of post in place of Mr. Tah, Prime Minister Korman now has a majority of two.

